

Verso Paper Corp.  
Form POS AM  
July 29, 2014  
Table of Contents

As filed with the Securities and Exchange Commission on July 29, 2014

No. 333-193794

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**Post-Effective Amendment No. 1**

**To**

**FORM S-4**

**REGISTRATION STATEMENT**

***UNDER***

***THE SECURITIES ACT OF 1933***

**VERSO PAPER CORP.**

**VERSO PAPER HOLDINGS LLC**

**VERSO PAPER INC.**

**(Exact name of each registrant as specified in its charter)**

<b>Delaware</b>	<b>2621</b>	<b>75-3217389</b>
<b>Delaware</b>	<b>2621</b>	<b>56-2597634</b>
<b>Delaware</b> <b>(State or other jurisdiction of</b> <b>incorporation or organization)</b>	<b>2621</b> <b>(Primary Standard Industrial</b> <b>Classification Code Number)</b> <b>6775 Lenox Center Court, Suite 400</b> <b>Memphis, TN 38115-4436</b> <b>(901) 369-4100</b>	<b>56-2597640</b> <b>(I.R.S. Employer</b> <b>Identification No.)</b>

**(Address, including zip code, and telephone number, including area code, of each registrant's principal executive offices)**

**David J. Paterson**  
**President and Chief Executive Officer**  
**Verso Paper Corp.**  
**6775 Lenox Center Court, Suite 400**  
**Memphis, TN 38115-4436**  
**(901) 369-4100**

**(Name, address, including zip code, and telephone number, including area code, of agent for service)**

*Copies of all communications, including communications sent to agent for service, should be sent to:*

<b>Taurie M. Zeitzer</b>	<b>George F. Martin</b>	<b>Gregory A. Ezring</b>	<b>Joseph Frumkin</b>
<b>Joshua N. Korff</b>	<b>President and Chief</b>	<b>David S. Huntington</b>	<b>Melissa Sawyer</b>

<b>Michael Kim</b>	<b>Executive Officer</b>	<b>Paul, Weiss, Rifkind,</b>	<b>Sullivan &amp; Cromwell LLP</b>
<b>Kirkland &amp; Ellis LLP</b>	<b>NewPage Holdings Inc.</b>	<b>Wharton &amp; Garrison LLP</b>	<b>125 Broad Street</b>
<b>601 Lexington Avenue</b>	<b>8540 Gander Creek Drive</b>	<b>1285 Avenue of the Americas</b>	<b>New York, NY 10004</b>
<b>New York, NY 10022</b>	<b>Miamisburg, OH 45342</b>	<b>New York, NY 10019</b>	

**Approximate date of commencement of proposed sale to the public:** As soon as practicable on or after the effective date of this registration statement after all conditions to the completion of the merger described herein have been satisfied or waived.

If the securities being register on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. "

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

**Table of Contents**

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer " Accelerated filer "

Non-accelerated filer x (Do not check if a smaller reporting company) Smaller reporting company "

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer) "

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer) "

**The registrants hereby amend this Registration Statement on such date or dates as may be necessary to delay its effective date until the registrants shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this Registration Statement shall become effective on such date as the SEC, acting pursuant to said Section 8(a), may determine.**

Table of Contents

**EXPLANATORY NOTE**

The joint proxy and information statement/prospectus included herein is dated July 29, 2014, and is part of this Post-Effective Amendment No. 1 to the Registration Statement on Form S-4 (File No. 333-193794) filed by Verso Paper Corp. ( Verso ) and certain of its subsidiaries with the Securities and Exchange Commission on July 29, 2014. This joint proxy and information statement/prospectus amends and restates the original joint proxy and information statement/prospectus dated July 11, 2014, previously sent to the stockholders of Verso and NewPage Holdings Inc. ( NewPage ). This joint proxy and information statement/prospectus contains updated information relating to certain matters, including the amended terms and conditions of the debt exchange offers being conducted by two of Verso s subsidiaries, Verso Paper Holdings LLC and Verso Paper Inc. See Description of Other Indebtedness Exchange Offer Transactions for more details regarding the amended exchange offers. The stockholders of Verso and NewPage are encouraged to review the information presented in this joint proxy and information statement/prospectus before making their voting decisions and investment decisions, respectively, with respect to the matters covered herein. In addition, in connection with the delivery of this joint proxy and information statement/prospectus, Verso intends to register an additional 400,000 shares of common stock, par value \$0.01 per share, for issuance to the NewPage stockholders as part of the Merger Consideration pursuant to the Merger Agreement (as such terms are defined herein).

Table of Contents**TABLE OF ADDITIONAL REGISTRANTS**

<b>Guarantor</b>	<b>State or Other Jurisdiction of Incorporation or Organization</b>	<b>Address of Registrants Principal Executive Offices</b>	<b>Primary Standard Industrial Classification Code No.</b>	<b>IRS Employer Identification Number</b>
Verso Paper LLC	Delaware	6775 Lenox Center Court, Suite 400 Memphis, TN 38115-4436 (901) 369-4100	2621	75-3217399
Verso Androscoggin LLC	Delaware	6775 Lenox Center Court, Suite 400 Memphis, TN 38115-4436 (901) 369-4100	2621	75-3217400
Verso Bucksport LLC	Delaware	6775 Lenox Center Court, Suite 400 Memphis, TN 38115-4436 (901) 369-4100	2621	75-3217402
Verso Sartell LLC	Delaware	6775 Lenox Center Court, Suite 400 Memphis, TN 38115-4436 (901) 369-4100	2621	75-3217406
Verso Quinnesec LLC	Delaware	6775 Lenox Center Court, Suite 400 Memphis, TN 38115-4436 (901) 369-4100	2621	75-3217404
Verso Maine Energy LLC	Delaware	6775 Lenox Center Court, Suite 400 Memphis, TN 38115-4436 (901) 369-4100	2621	26-1857446
Verso Fiber Farm LLC	Delaware	6775 Lenox Center Court, Suite 400 Memphis, TN 38115-4436 (901) 369-4100	2621	75-3217398
nexTier Solutions Corporation	California	6775 Lenox Center Court, Suite 400 Memphis, TN 38115-4436 (901) 369-4100	2621	33-0901108
Verso Quinnesec REP Holding Inc.	Delaware	6775 Lenox Center Court, Suite 400 Memphis, TN 38115-4436	2621	27-4272864



Table of Contents

**JOINT PROXY AND INFORMATION STATEMENT/PROSPECTUS**

**PROPOSED MERGER YOUR VOTE IS IMPORTANT**

**EXPLANATORY NOTE**

**This joint proxy and information statement/prospectus is dated July 29, 2014, and is included in Post-Effective Amendment No. 1 to the Registration Statement on Form S-4 (File No. 333-193794) filed by Verso Paper Corp. ( Verso ) and certain of its subsidiaries with the Securities and Exchange Commission on July 29, 2014. This joint proxy and information statement/prospectus amends and restates the original joint proxy and information statement/prospectus dated July 11, 2014, previously sent to the stockholders of Verso and NewPage Holdings Inc. ( NewPage ). This joint proxy and information statement/prospectus contains updated information relating to certain matters, including the amended terms and conditions of the debt exchange offers being conducted by two of Verso's subsidiaries, Verso Paper Holdings LLC and Verso Paper Inc. See Description of Other Indebtedness Exchange Offer Transactions for more details regarding the amended exchange offers. The stockholders of Verso and NewPage are encouraged to review the information presented in this joint proxy and information statement/prospectus before making their voting decisions and investment decisions, respectively, with respect to the matters covered herein. In addition, in connection with the delivery of this joint proxy and information statement/prospectus, Verso intends to register an additional 400,000 shares of common stock, par value \$0.01 per share, for issuance to the NewPage stockholders as part of the Merger Consideration pursuant to the Merger Agreement (as such terms are defined herein).**

Dear Stockholders of Verso Paper Corp.:

On December 28, 2013, the board of directors of Verso Paper Corp., or Verso, approved an Agreement and Plan of Merger, which was subsequently entered into on January 3, 2014, referred to as the Merger Agreement, providing for Verso to acquire NewPage Holdings Inc., or NewPage, which transaction is referred to as the Merger. The Merger Agreement was separately approved by the NewPage board of directors at a meeting on January 1, 2014 and subsequently by unanimous written consent on January 3, 2014.

Pursuant to the Merger Agreement, (a) approximately \$243 million in cash was paid to holders of NewPage common stock as a dividend prior to the date of this joint proxy and information statement/prospectus, which is referred to as the Recapitalization Dividend, with the remaining approximately \$7 million of the \$250 million total cash consideration contemplated by the Merger Agreement paid into an escrow account for the benefit of holders of NewPage restricted stock units upon vesting and holders of NewPage stock options upon consummation of the Merger, and (b) each share of common stock of NewPage outstanding immediately prior to the effective time of the Merger (other than treasury shares of NewPage and any shares of NewPage common stock owned by Verso or any subsidiary of Verso or NewPage, and other than shares of common stock as to which dissenters' rights have been properly exercised pursuant to the General Corporation Law of the State of Delaware) will be converted into the right to receive its pro rata portion of:

the remainder, if any, of the approximately \$7 million in cash paid into the escrow account, plus the cash actually received by NewPage in respect of any exercises of NewPage stock options between the date of the



Merger Agreement and the closing of the Merger;

\$650 million in principal amount of New First Lien Notes (subject to downward adjustment in certain circumstances in an amount not to exceed \$27 million in value); and

shares of Verso common stock representing 20% (subject to upward adjustment in certain circumstances to no greater than 25%) of the sum of (x) the number of outstanding Verso shares as of immediately prior to closing of the Merger plus (y) the number of shares, if any, underlying vested, in-the-money Verso stock options as of the signing of the Merger Agreement.

The New First Lien Notes, Verso common stock, cash received from option exercises prior to closing and the remainder of cash in the escrow account at closing are referred to as the Merger Consideration, and the Merger Consideration together with the Recapitalization Dividend and any portion of cash from the escrow account paid in respect of restricted stock units upon vesting prior to closing are referred to as the Transaction Consideration. The cash portions of the Transaction Consideration (other than cash received from option exercises prior to closing) were funded from the proceeds of a new \$750 million bank borrowing that was also used to refinance NewPage's former \$500 million term loan facility. See The Merger Agreement Transaction Consideration for more details.

As of the date of this joint proxy and information statement/prospectus, the number of shares of Verso common stock to be issued to NewPage stockholders would be approximately 14.4 million in the aggregate, assuming a 100% participation of aggregate principal amount of Old Second Lien Notes in the Second Lien Notes Exchange Offer and a 100% participation of aggregate principal amount of Old Subordinated Notes in the Subordinated Notes Exchange Offer, and that the number of shares of Verso common stock issued as part of the Merger Consideration is not further adjusted upwards. See Description of Other Indebtedness Exchange Offer Transactions for more details. The Verso common stock is listed for trading on the New York

**Table of Contents**

Stock Exchange under the symbol VRS. The implied value of the stock portion of the Merger Consideration will fluctuate as the market price of Verso common stock fluctuates. The number of shares of Verso common stock issuable to each NewPage stockholder will be rounded up or down to the nearest whole number of shares, and no fractional shares or cash in lieu of fractional shares will be paid by Verso.

The value of the portion of the Merger Consideration represented by the New First Lien Notes may be adversely affected by several factors identified in this joint proxy and information statement/prospectus, and we cannot assure you that an active market for the notes will develop or continue. Additionally, the amount of New First Lien Notes to be issued in the Merger is subject to downward adjustment, in an amount not to exceed \$27 million in value, if NewPage makes certain restricted payments between September 30, 2013 and the closing of the Merger. No denomination of New First Lien Notes less than \$2,000 will be issued in the Merger, but in lieu thereof each holder of NewPage common stock otherwise entitled to a lower amount of New First Lien Notes will have the aggregate amount of such New First Lien Notes to be issued to such holder equitably adjusted (by rounding up or down to the nearest whole denomination or increment, as appropriate) such that the holders of NewPage common stock only receive New First Lien Notes in denominations of \$2,000 with fully integral multiples of \$1,000 in excess of \$2,000, with no adjustment to the aggregate amount of New First Lien Notes issuable in the Merger.

Verso is soliciting proxies for use at a special meeting of its stockholders where they will be asked to consider and vote on proposals to (1) approve the issuance of shares of Verso common stock to the NewPage stockholders as part of the Merger Consideration pursuant to the Merger Agreement; (2) approve the issuance of Verso Warrants to the holders of Old Second Lien Notes participating in the Second Lien Notes Exchange Offer, and shares of Verso common stock issuable upon the conversion of such Verso Warrants immediately prior to the consummation of the Merger and the issuance of shares of Verso common stock as part of the Merger Consideration, as each such term is defined in this joint proxy and information statement/prospectus; (3) approve the issuance of Verso Warrants to the holders of Old Subordinated Notes participating in the Subordinated Notes Exchange Offer, and shares of Verso common stock issuable upon the conversion of such Verso Warrants immediately prior to the consummation of the Merger and the issuance of shares of Verso common stock as part of the Merger Consideration, as each such term is defined in this joint proxy and information statement/prospectus; (4) approve Verso's Amended and Restated 2008 Incentive Award Plan; (5) approve and adopt the amendment of Verso's Amended and Restated Certificate of Incorporation to change its corporate name to Verso Corporation effective upon the consummation of the Merger; and (6) approve any adjournment of the Verso special meeting, if necessary, to solicit additional proxies if there are not sufficient votes to approve Proposal 1 at the time of the Verso special meeting.

On July 16, 2014, NewPage received the written consents signed by a sufficient number of holders of shares of NewPage common stock to adopt the Merger Agreement and approve the Merger and other transactions contemplated by the Merger Agreement.

After careful consideration, on December 28, 2013, the Verso board of directors unanimously approved the Merger Agreement, the Merger and the transactions contemplated by the Merger Agreement, and declared that the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement are advisable, fair to and in the best interests of Verso and its stockholders. **The Verso board of directors unanimously recommends that you vote FOR each of Proposals 1-6 as described above and elsewhere in this joint proxy and information statement/prospectus.**

**Your vote is important, regardless of the number of shares that you own.** The Merger cannot be completed without the approval of the Verso stockholders. Verso is holding a special meeting of its stockholders to vote on, among other things, a proposal necessary to complete the Merger. More information about Verso, NewPage, the Merger Agreement, the Merger and the special meeting of Verso stockholders is contained in this joint proxy and

information statement/prospectus. **We encourage you to read this document carefully before voting, including the section entitled Risk Factors beginning on page 47.** Regardless of whether you plan to attend the Verso special meeting, please take the time to vote your securities in accordance with the instructions contained in this document.

**For a discussion of risk factors you should consider in evaluating the Merger Agreement and the proposals you are being asked to adopt, see Risk Factors beginning on page 47 of this joint proxy and information statement/prospectus.**

Sincerely,

David J. Paterson  
President and Chief Executive Officer

Verso Paper Corp.

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the Merger described in this joint proxy and information statement/prospectus nor have they approved or disapproved of the issuance of the Verso common stock in connection with the Merger, or determined if this joint proxy and information statement/prospectus is accurate or complete. Any representation to the contrary is a criminal offense.**

This joint proxy and information statement/prospectus is dated July 29, 2014 and is first being mailed on or about August 5, 2014.

Table of Contents

**INFORMATION STATEMENT**

**PROPOSED MERGER WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED  
NOT TO SEND US A PROXY**

Dear Stockholders of NewPage Holdings Inc.:

The board of directors of NewPage Holdings Inc., or NewPage, at a meeting on January 1, 2014 (with one director absent) and subsequently by unanimous written consent on January 3, 2014, approved the Agreement and Plan of Merger, which was subsequently entered into on January 3, 2014, referred to as the Merger Agreement, providing for NewPage to be acquired by Verso Paper Corp., or Verso, which transaction is referred to as the Merger. The Merger Agreement was separately approved by Verso's board of directors on December 28, 2013.

Pursuant to the Merger Agreement, (a) approximately \$243 million in cash was paid to holders of NewPage common stock as a dividend prior to the date of this joint proxy and information statement/prospectus, which is referred to as the Recapitalization Dividend, with the remaining approximately \$7 million of the \$250 million total cash consideration contemplated by the Merger Agreement paid into an escrow account for the benefit of holders of NewPage restricted stock units upon vesting and holders of NewPage stock options upon consummation of the Merger, and (b) each share of common stock of NewPage outstanding immediately prior to the effective time of the Merger (other than treasury shares of NewPage and any shares of NewPage common stock owned by Verso or any subsidiary of Verso or NewPage, and other than shares of common stock as to which dissenters' rights have been properly exercised pursuant to the General Corporation Law of the State of Delaware) will be converted into the right to receive its pro rata portion of:

the remainder, if any, of the approximately \$7 million in cash paid into the escrow account, plus the cash actually received by NewPage in respect of any exercises of NewPage stock options between the date of the Merger Agreement and the closing of the Merger;

\$650 million in principal amount of New First Lien Notes (subject to downward adjustment in certain circumstances in an amount not to exceed \$27 million in value); and

shares of Verso common stock representing 20% (subject to upward adjustment in certain circumstances to no greater than 25%) of the sum of (x) the number of outstanding Verso shares as of immediately prior to closing of the Merger plus (y) the number of shares, if any, underlying vested, in-the-money Verso stock options as of the signing of the Merger Agreement.

The New First Lien Notes, Verso common stock, cash received from option exercises prior to closing and the remainder of cash in the escrow account at closing are referred to as the Merger Consideration, and the Merger Consideration together with the Recapitalization Dividend and any portion of cash from the escrow account paid in respect of restricted stock units upon vesting prior to closing are referred to as the Transaction Consideration. The cash portions of the Transaction Consideration (other than cash received from option exercises prior to closing) were

funded from the proceeds of a new \$750 million bank borrowing that was also used to refinance NewPage's former \$500 million term loan facility. See "The Merger Agreement Transaction Consideration" for more details.

As of the date of this joint proxy and information statement/prospectus, the number of shares of Verso common stock to be issued to NewPage stockholders would be approximately 14.4 million in the aggregate, assuming a 100% participation of aggregate principal amount of Old Second Lien Notes in the Second Lien Notes Exchange Offer and a 100% participation of aggregate principal amount of Old Subordinated Notes in the Subordinated Notes Exchange Offer, and that the number of shares of Verso common stock issued as part of the Merger Consideration is not further adjusted upwards. See "Description of Other Indebtedness Exchange Offer Transactions" for more details. The Verso common stock is listed for trading on the New York Stock Exchange under the symbol "VRS." The implied value of the stock portion of the Merger Consideration will fluctuate as the market price of Verso common stock fluctuates. The number of shares of Verso common stock issuable to each NewPage shareholder will be rounded up or down to the nearest whole number of shares, and no fractional shares or cash in lieu of fractional shares will be issued or paid by Verso.

**Table of Contents**

The value of the portion of the Merger Consideration represented by the New First Lien Notes may be adversely affected by several factors identified in the Information Statement, and we cannot assure you that an active market for the notes will develop or continue. Additionally, the amount of New First Lien Notes to be issued in the Merger is subject to downward adjustment, in an amount not to exceed \$27 million in value, if NewPage makes certain restricted payments between September 30, 2013 and the closing of the Merger. No denomination of New First Lien Notes (as defined in the information statement enclosed with this letter, the Information Statement ) less than \$2,000 will be issued in the Merger, but in lieu thereof each holder of NewPage common stock otherwise entitled to a lower amount of New First Lien Notes will have the aggregate amount of such New First Lien Notes to be issued to such holder equitably adjusted (by rounding up or down to the nearest whole denomination or increment, as appropriate) such that the holders of NewPage common stock only receive New First Lien Notes in denominations of \$2,000 with fully integral multiples of \$1,000 in excess of \$2,000, with no adjustment to the aggregate amount of New First Lien Notes issuable in the Merger.

On July 16, 2014, NewPage received the written consents signed by a sufficient number of holders of shares of NewPage common stock to adopt the Merger Agreement and approve the Merger and other transactions contemplated by the Merger Agreement. No further action by any other NewPage stockholders would be required to adopt the Merger Agreement or to authorize the transactions contemplated thereby. For this reason, the Information Statement is being provided to you for informational purposes only. NewPage has not solicited and is not soliciting your adoption and approval of the Merger Agreement.

On July 11, 2014, NewPage sent its notice of appraisal to you with the joint proxy and information statement/prospectus dated the same day. Under Delaware law, if you comply with certain requirements of Delaware law described in that notice of appraisal, you will have the right to seek an appraisal and to be paid the fair value of your shares of NewPage common stock as determined in accordance with Delaware law (exclusive of any element of value arising from the accomplishment or expectation of the Merger) instead of the Merger Consideration. Your appraisal rights under Delaware law are more fully described in the accompanying Information Statement under The Merger NewPage Stockholder Appraisal Rights beginning on page 253.

The Information Statement includes important information about NewPage, Verso and the Merger, including the existence of several conditions to NewPage's obligations and those of Verso's to complete the Merger, all of which must be either satisfied or waived prior to the completion of the Merger, and should be read carefully and in its entirety. Neither the Information Statement, nor any other information you receive from NewPage in respect of the Merger, is intended to be legal, tax or investment advice. Accordingly, you should consult your own legal counsel, accountants and investment advisors as to legal, tax and other matters concerning the Merger.

Sincerely,

Mark A. Angelson  
Chairman of the Board

NewPage Holdings Inc.

**Neither the Securities and Exchange Commission nor any state securities regulatory agency has approved or disapproved the Merger, passed upon the merits or fairness of the Merger Agreement or the transactions contemplated thereby, including the proposed Merger, or passed upon the adequacy or accuracy of the information contained in this document or the accompanying Information Statement. Any representation to the contrary is a criminal offense.**

Table of Contents

**VERSO PAPER CORP.**

**6775 Lenox Center Court, Suite 400**

**Memphis, TN 38115-4436**

**NOTICE OF**

**SPECIAL MEETING OF STOCKHOLDERS**

**TO BE HELD ON AUGUST 12, 2014**

NOTICE IS HEREBY GIVEN that a special meeting of the stockholders of Verso Paper Corp., or Verso, will be held at 10:00 a.m., Central Time, on August 12, 2014, at Verso's office located at 6775 Lenox Center Court, Memphis, Tennessee. Holders of record of Verso common stock at the close of business on August 4, 2014 (such date and time, the record date) will be asked to consider and vote on the following proposals:

- Proposal 1. approve the issuance of shares of Verso common stock to the stockholders of NewPage Holdings Inc., or NewPage, as part of the Merger Consideration pursuant to the Agreement and Plan of Merger dated as of January 3, 2014, among NewPage, Verso and Verso Merger Sub Inc., or Merger Sub, pursuant to which Merger Sub will merge with and into NewPage and NewPage will continue as the surviving corporation and an indirect, wholly owned subsidiary of Verso, which transaction is referred to as the Merger;
- Proposal 2. approve the issuance of Verso Warrants to the holders of Old Second Lien Notes participating in the Second Lien Notes Exchange Offer, and shares of Verso common stock issuable upon the conversion of such Verso Warrants immediately prior to the consummation of the Merger and the issuance of shares of Verso common stock as part of the Merger Consideration, as each such term is defined in this joint proxy and information statement/prospectus;
- Proposal 3. approve the issuance of Verso Warrants to the holders of Old Subordinated Notes participating in the Subordinated Notes Exchange Offer, and shares of Verso common stock issuable upon the conversion of such Verso Warrants immediately prior to the consummation of the Merger and the issuance of shares of Verso common stock as part of the Merger Consideration, as each such term is defined in this joint proxy and information statement/prospectus;
- Proposal 4. approve Verso's Amended and Restated 2008 Incentive Award Plan;
- Proposal 5. approve and adopt the amendment of Verso's Amended and Restated Certificate of Incorporation to change its corporate name to Verso Corporation effective upon the consummation of the Merger; and
- Proposal 6. approve any adjournment of the Verso special meeting, if necessary, to solicit additional proxies if there are not sufficient votes to approve Proposal 1 at the time of the Verso special meeting.

Please refer to the attached joint proxy and information statement/prospectus and the attached materials for further information with respect to the business to be transacted at the Verso special meeting. Verso expects to transact no other business at the meeting. Holders of record of Verso common stock as of the record date will be entitled to receive notice of and to vote at the Verso special meeting.



**The Verso board of directors unanimously recommends that you vote FOR each of Proposals 1-6 as described in the accompanying joint proxy and information statement/prospectus.**

**Your vote is important, regardless of the number of shares that you own.** Whether or not you plan on attending the Verso special meeting, we urge you to read the joint proxy and information statement/prospectus carefully and to please vote your shares as promptly as possible. You may vote your shares by proxy electronically via the Internet, by telephone, by completing and sending in the appropriate paper proxy card or in person at the Verso special meeting.

All Verso stockholders as of the record date are cordially invited to attend the Verso special meeting.

By Order of the Board of Directors,

Peter H. Kesser  
Secretary

July 29, 2014

**Table of Contents**

**REFERENCES TO ADDITIONAL INFORMATION**

This joint proxy and information statement/prospectus incorporates by reference important business and financial information about Verso from documents that Verso has filed or will file with the Securities and Exchange Commission, or the SEC, but that are not being included in or delivered with this joint proxy and information statement/prospectus. This information is available to you without charge upon your written or oral request. You may read and copy documents and other information about Verso that is filed with the SEC under the Securities and Exchange Act of 1934, or the Exchange Act, at the SEC's Public Reference Room at 100 F Street, N.E., Washington, DC 20549. You can also obtain such documents free of charge through the SEC's website, [www.sec.gov](http://www.sec.gov), or by requesting them in writing or by telephone at the following address and telephone number:

By Mail: Verso Paper Corp.  
6775 Lenox Center Court  
Suite 400  
Memphis, Tennessee 38115-4436  
Attention: Investor Relations

By Telephone: (901) 369-4100

In order to obtain timely delivery, you must request such documents and other information no later than five business days before August 12, 2014.

For additional information, please see **Where You Can Find More Information** beginning on page 415. Please note that information contained on the website of Verso is not incorporated by reference in, nor considered to be part of, this joint proxy and information statement/prospectus.

**ABOUT THIS JOINT PROXY AND INFORMATION STATEMENT/PROSPECTUS**

Verso has supplied all information contained in this joint proxy and information statement/prospectus relating to Verso and the combined company, including combined company synergies or synergy assumptions or restructuring costs. NewPage has supplied all information contained in this joint proxy and information statement/prospectus relating to NewPage. Verso and NewPage have both contributed to information relating to the Merger.

You should rely only on the information contained in this joint proxy and information statement/prospectus provided by Verso and on the information contained in this joint proxy and information statement/prospectus provided by NewPage. No one has been authorized to provide you with information that is different from that contained in this joint proxy and information statement/prospectus provided by Verso and information contained in this joint proxy and information statement/prospectus provided by NewPage. This joint proxy and information statement/prospectus is dated July 29, 2014, and is based on information as of such date or such other date as may be noted. You should not assume that the information contained in this joint proxy and information statement/prospectus provided by Verso or contained in this joint proxy and information statement/prospectus provided by NewPage is accurate as of any other date. Neither the mailing of this joint proxy and information statement/prospectus to the stockholders of NewPage nor the taking of any actions contemplated hereby by Verso or NewPage at any time will create any implication to the contrary.

**This joint proxy and information statement/prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in any jurisdiction in which or from any person to whom it is unlawful to make any**

**such offer or solicitation in such jurisdiction.**

**Table of Contents****TABLE OF CONTENTS**

	<b>Page</b>
<u>DEFINED TERMS</u>	1
<u>QUESTIONS AND ANSWERS FOR VERSO STOCKHOLDERS</u>	5
<u>QUESTIONS AND ANSWERS TO NEWPAGE STOCKHOLDERS ABOUT THE MERGER</u>	10
<u>SUMMARY</u>	13
<u>The Companies</u>	13
<u>Vote Required</u>	16
<u>Merger and Merger Agreement</u>	16
<u>Transaction Consideration</u>	16
<u>Ancillary Agreements</u>	17
<u>Verso Board of Directors Reasons for the Merger</u>	17
<u>NewPage Board of Directors Reasons for the Merger</u>	17
<u>Fairness Opinion of Financial Advisor to NewPage</u>	18
<u>Fairness Opinion of Financial Advisor to Verso</u>	18
<u>Solvency Opinion of Financial Advisor to Verso</u>	18
<u>Treatment of NewPage Stock Options and Other Stock-Based Awards</u>	18
<u>Interests of NewPage Directors and Executive Officers in the Merger</u>	19
<u>Interests of Verso Directors and Executive Officers in the Merger</u>	20
<u>Conditions to the Completion of the Merger</u>	20
<u>Regulatory Approvals Required to Complete the Merger</u>	21
<u>Financing</u>	22
<u>Use of Proceeds of NewPage Term Loan Facility</u>	22
<u>Exchange Offer Transactions</u>	23
<u>Shared Services Agreement</u>	25
<u>Termination of the Merger Agreement</u>	26
<u>Non-Solicitation of Alternative Proposals</u>	27
<u>Expenses and Termination Fees Relating to the Merger</u>	28
<u>Accounting Treatment of the Merger</u>	29
<u>Certain Material U.S. Federal Income Tax Consequences of the Merger</u>	29
<u>Comparison of the Rights of Holders of Verso Common Stock and NewPage Common Stock</u>	29
<u>Appraisal Rights in Connection with the Merger</u>	29
<u>SUMMARY HISTORICAL AND PRO FORMA FINANCIAL DATA</u>	30
<u>Summary Historical Consolidated Financial Data of Verso</u>	30
<u>Summary Historical Consolidated Financial Data of Verso Holdings</u>	33
<u>Summary Historical Consolidated Financial Data of NewPage and Predecessor</u>	36
<u>Summary Unaudited Pro Forma Condensed Combined Financial Information of Verso</u>	39
<u>Summary Unaudited Pro Forma Condensed Combined Financial Information of Verso Holdings</u>	42
<u>COMPARATIVE PER SHARE DATA</u>	45
<u>MARKET PRICE AND DIVIDEND INFORMATION</u>	46
<u>RISK FACTORS</u>	47

<u>Risks Relating to the Merger</u>	47
<u>Risks Relating to Verso's Indebtedness</u>	56
<u>Risks Relating to the Combined Company Following the Merger</u>	58
<u>Risks Relating to the Verso Common Stock</u>	65
<u>Risks Relating to the New First Lien Notes</u>	66
<u>Risks Relating to Verso's Indebtedness Following the Merger</u>	78
<u>DESCRIPTION OF OTHER INDEBTEDNESS</u>	79
<u>Existing ABL Facility</u>	79
<u>Existing Cash Flow Facility</u>	80

**Table of Contents****TABLE OF CONTENTS****(continued)**

	<b>Page</b>
<u>Amendments to Existing ABL Facility and Existing Cash Flow Facility in Contemplation of the Merger</u>	82
<u>11.75% Senior Secured Notes due 2019</u>	82
<u>11.75% Secured Notes due 2019</u>	82
<u>New Second Lien Notes</u>	83
<u>New Subordinated Notes</u>	84
<u>Old Second Lien Notes</u>	85
<u>Old Subordinated Notes</u>	86
<u>Second Priority Senior Secured Floating Rate Notes</u>	86
<u>Verso Quinnesec REP LLC</u>	86
<u>Non-Core Energy Financing</u>	86
<u>NewPage Term Loan Facility</u>	87
<u>NewPage ABL Facility</u>	89
<u>Financing Transactions in Connection with the Merger</u>	90
<u>Exchange Offer Transactions</u>	90
<u>REGARDING FORWARD-LOOKING STATEMENTS</u>	94
<u>SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF VERSO AND VERSO HOLDINGS</u>	95
<u>Selected Historical Consolidated Financial Data of Verso</u>	95
<u>Selected Historical Consolidated Financial Data of Verso Holdings</u>	97
<u>SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF NEWPAGE AND PREDECESSOR</u>	99
<u>Selected Financial Data</u>	99
<u>UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION</u>	101
<u>NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION</u>	109
<u>MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>	118
<u>BUSINESS</u>	137
<u>VERSO STOCKHOLDERS</u>	146
<u>DIRECTORS AND EXECUTIVE OFFICERS</u>	148
<u>BOARD OF DIRECTORS AND CORPORATE GOVERNANCE</u>	155
<u>AUDIT COMMITTEE REPORT</u>	162
<u>AUDIT AND NON-AUDIT SERVICES AND FEES OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	163
<u>COMPENSATION COMMITTEE REPORT</u>	164
<u>COMPENSATION DISCUSSION AND ANALYSIS</u>	165
<u>EXECUTIVE COMPENSATION</u>	178
<u>DIRECTOR COMPENSATION</u>	191
<u>COMPARATIVE PER SHARE DATA</u>	193
<u>MARKET PRICE AND DIVIDEND INFORMATION</u>	194
<u>VERSO SPECIAL MEETING</u>	195

NEWPAGE STOCKHOLDERS

200

ii

Table of Contents

## TABLE OF CONTENTS

(continued)

	<b>Page</b>
<u>PROPOSALS SUBMITTED TO VERSO STOCKHOLDERS</u>	202
<u>Proposal 1 Approval of Issuance of Shares of Verso Common Stock as Part of Merger Consideration Pursuant to Merger Agreement</u>	202
<u>Proposal 2 Approval of Issuance of Verso Warrants and Shares of Verso Common Stock Issuable upon Mandatory Conversion of such Verso Warrants pursuant to Second Lien Notes Exchange Offer</u>	202
<u>Proposal 3 Approval of Issuance of Verso Warrants and Shares of Verso Common Stock Issuable upon Mandatory Conversion of such Verso Warrants pursuant to Subordinated Notes Exchange Offer</u>	202
<u>Proposal 4 Approval of Verso's Amended and Restated 2008 Incentive Award Plan</u>	202
<u>Proposal 5 Approval and Adoption of Amendment of Verso's Amended and Restated Certificate of Incorporation to Change Corporate Name to Verso Corporation Effective Upon Consummation of Merger</u>	212
<u>Proposal 6 Approval of Adjournment of Verso Special Meeting</u>	212
<u>THE MERGER</u>	213
<u>Effects of the Merger</u>	213
<u>Financing for the Merger</u>	214
<u>Exchange Offer Transactions</u>	215
<u>Background of the Merger</u>	217
<u>Recommendation of the NewPage Board of Directors and NewPage's Reasons for the Merger</u>	222
<u>Fairness Opinion of Financial Advisor to NewPage</u>	226
<u>Financial Forecasts</u>	231
<u>Recommendation of the Verso Board of Directors and Verso's Reasons for the Merger</u>	232
<u>Opinion of Evercore Group L.L.C.</u>	234
<u>Solvency Opinion</u>	242
<u>Interests of NewPage Directors and Executive Officers in the Merger</u>	245
<u>Payments to Verso Executive Officers Contingent Upon the Merger</u>	249
<u>Golden Parachute Compensation</u>	249
<u>Board of Directors and Officers of Verso after the Merger</u>	251
<u>Regulatory Approvals</u>	251
<u>New York Stock Exchange Listing of Verso Common Stock Issued in the Merger</u>	252
<u>Exchange of Shares of NewPage Common Stock</u>	252
<u>Fractional Shares</u>	252
<u>Minimum Denomination of New First Lien Notes</u>	253
<u>NewPage Stockholder Appraisal Rights</u>	253
<u>Accounting Treatment of the Merger</u>	257
<u>Certain Material U.S. Federal Income Tax Consequences</u>	257
<u>THE MERGER AGREEMENT</u>	266
<u>Effective Time: Closing Date</u>	266
<u>Effect of the Merger</u>	266
<u>Transaction Consideration</u>	266
<u>Treatment of Stock Options and Other Stock-Based Awards</u>	268
<u>Exchange and Payment Procedures</u>	269



<u>Representations and Warranties</u>	270
<u>Conduct of Business between Signing and Closing</u>	272
<u>Access to Verso and NewPage Businesses between Signing and Closing</u>	275
<u>Exclusivity; Alternative Transactions</u>	275
<u>Regulatory Approvals</u>	276

Table of Contents

## TABLE OF CONTENTS

(continued)

	<b>Page</b>
<u>Financing Provisions</u>	276
<u>Indemnification: Directors and Officers and Fiduciary Liability Insurance</u>	279
<u>Employee Benefits</u>	279
<u>Shareholder Litigation</u>	280
<u>Stock Exchange Listing</u>	280
<u>Confirmation of NewPage and Verso Capitalization</u>	280
<u>Conditions to the Merger</u>	280
<u>Termination</u>	282
<u>Termination Fees</u>	283
<u>Specific Performance</u>	284
<u>Governing Law: Jurisdiction: Waiver of Jury Trial</u>	284
<u>Legal Status of Debt Financing Sources</u>	285
<u>ANCILLARY AGREEMENTS ENTERED INTO IN CONNECTION WITH THE MERGER AGREEMENT</u>	286
<u>NewPage Stockholders Support Agreements</u>	286
<u>Verso Stockholders Voting Agreement</u>	286
<u>Lock-Up Side Letter</u>	287
<u>Regulatory Filing Letter</u>	287
<u>Director Appointment Letter</u>	289
<u>Asset Financing Letter</u>	289
<u>Cooperation Agreement</u>	289
<u>Release Agreement</u>	290
<u>DESCRIPTION OF THE NEW FIRST LIEN NOTES</u>	291
<u>BOOK-ENTRY; DELIVERY AND FORM</u>	375
<u>DESCRIPTION OF VERSO CAPITAL STOCK</u>	377
<u>Common Stock</u>	377
<u>Preferred Stock</u>	377
<u>Registration Rights Agreement</u>	377
<u>Certain Corporate Anti-Takeover Provisions</u>	378
<u>Transfer Agent and Registrar</u>	379
<u>Exchange Listing</u>	379
<u>COMPARISON OF RIGHTS OF HOLDERS OF VERSO COMMON STOCK AND NEWPAGE COMMON STOCK</u>	380
<u>INFORMATION ABOUT VERSO</u>	390
<u>INFORMATION ABOUT NEWPAGE</u>	391
<u>Description of Business</u>	391
<u>Description of Property</u>	400

<u>Legal Proceedings</u>	400
<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	400
<u>Contractual Commitments</u>	413
<u>Quantitative and Qualitative Disclosures About Market Risk</u>	413
<u>LEGAL MATTERS</u>	414
<u>EXPERTS</u>	414
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	415
<u>INDEX TO CONSOLIDATED FINANCIAL STATEMENTS</u>	F-1

**Table of Contents**

**ANNEXES**

<u>ANNEX A</u>	MERGER AGREEMENT	A-1
<u>ANNEX B</u>	OPINION OF FINANCIAL ADVISOR TO NEWPAGE	B-1
<u>ANNEX C</u>	SECTION 262 OF THE DELAWARE GENERAL CORPORATION LAW	C-1
<u>ANNEX D</u>	FAIRNESS OPINION OF FINANCIAL ADVISOR TO VERSO	D-1
<u>ANNEX E</u>	SOLVENCY OPINION OF FINANCIAL ADVISOR TO VERSO	E-1
<u>ANNEX F</u>	LOCK UP SIDE LETTER	F-1
<u>ANNEX G</u>	REGULATORY FILING LETTER	G-1
<u>ANNEX H</u>	DIRECTOR APPOINTMENT LETTER	H-1
<u>ANNEX I</u>	FORM OF COOPERATION AGREEMENT	I-1
<u>ANNEX J</u>	FORM OF RELEASE AGREEMENT	J-1
<u>ANNEX K</u>	AMENDED AND RESTATED 2008 INCENTIVE AWARD PLAN	K-1
<u>ANNEX L</u>	CERTIFICATE OF AMENDMENT OF AMENDED AND RESTATED CERTIFICATE OF INCORPORATION	L-1
<u>ANNEX M</u>	INDEX TO FINANCIAL STATEMENTS OF NEWPAGE HOLDINGS INC.	M-1

**Table of Contents**

**DEFINED TERMS**

This joint proxy and information statement/prospectus generally avoids the use of technical defined terms, but a few frequently used terms may be helpful for you to have in mind at the outset. Unless otherwise specified or if the context so requires, this joint proxy and information statement/prospectus uses the following defined terms:

**Apollo** means Apollo Global Management, LLC;

**Chapter 11 Proceedings** means the voluntary cases under Chapter 11 of the United States Bankruptcy Code, as amended, commenced by NewPage and certain of its U.S. subsidiaries on September 7, 2011;

**Consent Solicitations** means the process of Verso trying to obtain consent to amend, eliminate or waive certain sections of the applicable indentures governing the Old Second Lien Notes and Old Subordinated Notes;

**Credit Agreement Amendments** means the amendments to the Existing ABL Facility and the Existing Cash Flow Facility that Verso entered into in connection with its entry into the Merger Agreement;

**Debt Commitment Letters** means the debt commitment letters pursuant to which the lenders named therein agreed, subject to the terms and conditions thereof, to provide the NewPage Term Loan Facility and NewPage ABL Facility;

**DGCL** means the General Corporation Law of the State of Delaware;

**Early Tender Time** means, with respect to the Second Lien Note Exchange Offer, 12:00 midnight, New York City time, at the end of July 16, 2014 (as it may be extended) and, with respect to the Subordinated Notes Exchange Offer, 12:00 midnight, New York City time, at the end of July 30, 2014 (as it may be extended);

**Eligible Holders** means holders of Old Second Lien Notes who are qualified institutional buyers (as defined in Rule 144A under the Securities Act) and holders of Old Second Lien Notes who are not U.S. persons in reliance upon Regulation S under the Securities Act;

**End Date** means 5:00 p.m. (New York City time) on December 31, 2014;

**Exchange Offer Transactions** means (i) the consummation of the Second Lien Notes Exchange Offer, assuming that all outstanding Old Second Lien Notes are tendered into the Second Lien Notes Exchange

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Offer by the Early Tender Time (as defined herein) and accepted by us, and (ii) the consummation of the Subordinated Notes Exchange Offer, assuming that all outstanding Old Subordinated Notes are tendered into the Subordinated Notes Exchange Offer by the Early Tender Time (as defined herein) and accepted by us;

Exchange Offers means the Second Lien Notes Exchange Offer and Subordinated Notes Exchange Offer;

Existing ABL Facility means Verso's existing \$150 million asset-based revolving facility;

Existing Cash Flow Facility means Verso's existing \$50 million cash flow facility;

Existing First Lien Notes means the Verso Issuers' 11.75% Senior Secured Notes due 2019;

FERC means the Federal Energy Regulatory Commission;

GAAP means generally accepted accounting principles in the United States;

HSR Act means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended;

Merger means the transaction pursuant to which Verso's indirect, wholly owned subsidiary, Verso Merger Sub Inc., will merge with and into NewPage, and NewPage will become an indirect, wholly

**Table of Contents**

owned subsidiary of Verso, and the conversion of shares of NewPage common stock into rights to receive cash, shares of Verso common stock and the New First Lien Notes;

Merger Sub means Verso Merger Sub Inc.;

Merger Agreement means the Agreement and Plan of Merger dated as of January 3, 2014, among Verso, Merger Sub and NewPage, providing for the Merger of Merger Sub and NewPage, with NewPage surviving as an indirect subsidiary of Verso;

Merger Consideration means (i) the cash actually received by NewPage in respect of any exercises of NewPage stock options between the date of the Merger Agreement and the closing of the Merger, (ii) \$650 million in principal amount of New First Lien Notes (subject to downward adjustment in certain circumstances in an amount not to exceed \$27 million in value), (iii) shares of Verso common stock representing 20% (subject to upward adjustment to no greater than 25% in certain circumstances) of the sum of (x) the number of outstanding shares of Verso common stock as of immediately prior to closing plus (y) the number of shares, if any, underlying vested, in-the-money Verso stock options as of the signing of the Merger Agreement and (iv) the remainder of the approximately \$7 million paid into an escrow account for the benefit of holders of NewPage restricted stock units upon vesting and NewPage stock options upon consummation of the Merger (see The Merger Agreement Transaction Consideration for more details);

New First Lien Notes means the Verso Issuers' 11.75% Senior Secured Notes due 2019 to be offered in connection with the Merger with terms as described in Description of New First Lien Notes ;

New Second Lien Notes means the new Second Priority Adjustable Senior Secured Notes to be issued by the Verso Issuers in the Second Lien Notes Exchange Offer;

New Subordinated Notes means the new Adjustable Senior Subordinated Notes to be issued by the Verso Issuers in the Subordinated Notes Exchange Offer;

NewPage means NewPage Holdings Inc., a Delaware corporation;

NewPage ABL Facility means NewPage Corporation's new asset-based loan facility of up to \$350 million entered into by NewPage Corporation on February 11, 2014. The issuers and guarantors of Verso's debt securities (including the New First Lien Notes) and the borrower and guarantors of Verso's credit facilities do not guarantee the obligations under the NewPage ABL Facility, and the borrower and guarantors under the NewPage ABL Facility will not guarantee the obligations under Verso's debt securities and credit facilities. As a result, following the consummation of the Merger, the holders of Verso's debt securities (including the New First Lien Notes) will be structurally subordinated to the obligations under the NewPage ABL Facility to the extent of the value of the assets of the NewPage Subsidiaries;

NewPage board of directors means the board of directors of NewPage;

NewPage By-laws means the by-laws of NewPage;

NewPage Charter means the certificate of incorporation of NewPage;

NewPage common stock means the common stock, par value \$0.001 per share, of NewPage;

NewPage Stockholders Agreement means the Stockholders Agreement, dated as of December 21, 2012, as amended, among NewPage and each of the stockholders party thereto;

NewPage Subsidiaries means subsidiaries of NewPage Holdings Inc.;

NewPage Term Loan Facility means NewPage Corporation's new term loan facility of \$750 million entered into by NewPage Corporation on February 11, 2014. The issuers and guarantors of Verso's debt securities (including the New First Lien Notes) and the borrower and guarantors of Verso's credit



**Table of Contents**

facilities do not guarantee the obligations under the NewPage Term Loan Facility, and the borrower and guarantors under the NewPage Term Loan Facility will not guarantee the obligations under Verso's debt securities and credit facilities. As a result, following the consummation of the Merger, the holders of Verso's debt securities (including the New First Lien Notes) will be structurally subordinated to the obligations under the NewPage Term Loan Facility to the extent of the value of the assets of the NewPage Subsidiaries;

Old Floating Rate Notes means the Verso Issuers' Second Priority Senior Secured Floating Rate Notes due 2014;

Old Second Lien Notes means the Verso Issuers' 8.75% Second Priority Senior Secured Notes due 2019;

Old Subordinated Notes means the Verso Issuers' ~~3/8%~~ Senior Subordinated Notes due 2016;

Predecessor Period means the period prior to December 31, 2012;

Pro Forma Statements means the unaudited pro forma condensed combined financial statements of Verso, Verso Holdings, and NewPage;

PSCW means the Public Service Commission of Wisconsin;

Recapitalization Dividend means the approximately \$243 million which was paid to NewPage's stockholders as a dividend prior to the date of this joint proxy and information statement/prospectus;

record date means August 4, 2014;

Second Lien Notes Exchange Offer means the exchange offer commenced on July 2, 2014 and subsequently amended on July 24, 2014 by the Verso Issuers for any and all of their outstanding Old Second Lien Notes in exchange for new Second Priority Adjustable Senior Secured Notes and Verso Warrants to be issued and the simultaneous solicitation of consents with respect to certain amendments to the indenture governing the Old Second Lien Notes;

Subordinated Notes Exchange Offer means the exchange offer commenced on July 2, 2014 and subsequently amended on July 24, 2014 by the Verso Issuers for any and all of their outstanding Old Subordinated Notes in exchange for new Adjustable Senior Subordinated Notes and Verso Warrants to be issued and the simultaneous solicitation of consents with respect to certain amendments to the indenture governing the Old Subordinated Notes;

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**Support Agreements** means agreements between Verso and certain NewPage stockholders that collectively owned approximately 61% of NewPage's outstanding shares of common stock on January 3, 2014, entered into as of the date of the Merger Agreement, by which such stockholders have agreed to provide their written consents for the adoption of the Merger Agreement;

**Successor Period** means the period on or after December 31, 2012;

**Surviving Corporation** means NewPage after the Merger is consummated, as the surviving corporation of the Merger;

**Transaction Consideration** means the Merger Consideration together with the Recapitalization Dividend and any portion of cash from the escrow account paid in respect of restricted stock units upon vesting prior to closing;

**Verso** means Verso Paper Corp., a Delaware corporation;

**Verso board of directors** means the board of directors of Verso;

**Verso Bylaws** means the amended and restated bylaws, as amended, of Verso dated as of October 28, 2013;

**Table of Contents**

Verso Charter means the amended and restated certificate of incorporation of Verso, as filed on May 12, 2008;

Verso common stock means the common stock, par value \$0.01 per share, of Verso;

Verso Finance means Verso Paper Finance Holdings LLC;

Verso Holdings means Verso Paper Holdings LLC;

Verso Issuers means Verso Paper Holdings LLC and Verso Paper Inc.;

Verso Junior Noteholder Consent means the written consent or affirmative vote of (i) at least a majority of the holders of the Old Second Lien Notes and (ii) at least a majority of the holders of the Old Subordinated Notes, in each case in favor of the amendments necessary for the adoption of the Merger Agreement, the transactions contemplated by the Merger Agreement and the Exchange Offer Transactions;

Verso Junior Notes means the Old Second Lien Notes, the Old Floating Rate Notes and the Old Subordinated Notes;

Verso Stockholder means Verso Paper Management LP, which owns a majority of the outstanding shares of Verso common stock;

Verso Warrants means warrants that will be issued by Verso to the holders of Old Second Lien Notes participating in the Second Lien Notes Exchange Offer and the holders of Old Subordinated Notes participating in the Subordinated Notes Exchange Offer, and that will be mandatorily convertible immediately prior to the closing of the Merger and the issuance of shares of Verso common stock as part of the Merger Consideration, into shares of Verso common stock representing, as of immediately after the consummation of the Merger, each participating holder's pro rata portion (based on such holder's pro rata portion of the Old Second Lien Notes and New Subordinated Notes, respectively) of 15% (with respect to the holders of Old Second Lien Notes participating in the Second Lien Notes Exchange Offer) and 6.670% (with respect to the holders of Old Subordinated Notes participating in the Subordinated Notes Exchange Offer), of the total number of outstanding shares of Verso common stock, determined on a fully diluted basis;

VPI means Verso Paper Investments LP, the parent entity of the Verso Stockholder;

Warrant Agreement means the warrant agreement for the issuance of the Verso Warrants between Verso and the warrant agent named therein; and

Wholly Owned Subsidiary of any Person means a Subsidiary of such Person 100% of the outstanding Capital Stock or other ownership interests of which (other than directors qualifying shares or shares required to be held by Foreign Subsidiaries) shall at the time be owned by such Person or by one or more Wholly Owned Subsidiaries of such Person.

**Table of Contents**

**QUESTIONS AND ANSWERS FOR VERSO STOCKHOLDERS**

The questions and answers below highlight only selected information from this joint proxy and information statement/prospectus. They do not contain all of the information that may be important to you. The Verso board of directors is soliciting proxies from its stockholders to vote at a special meeting of Verso stockholders, to be held at 10:00 a.m., Central Time, on August 12, 2014 at Verso's office located at 6775 Lenox Center Court, Memphis, Tennessee, and any adjournment or postponement of that meeting. You should read carefully this entire joint proxy and information statement/prospectus to fully understand the matters to be acted upon and the voting procedures for the Verso special meeting.

**Q: Why have I received this joint proxy and information statement/prospectus?**

A: You are receiving this document because you were a stockholder of record of Verso on the record date for the Verso special meeting. The boards of directors of Verso and NewPage approved the Merger on December 28, 2013 and January 1, 2014, respectively, providing for NewPage to be acquired by Verso. A copy of the Merger Agreement is attached to this joint proxy and information statement/prospectus as Annex A, which we encourage you to review.

In order to complete the Merger, Verso stockholders must vote to approve the issuance of shares of Verso common stock to the NewPage stockholders as part of the Merger Consideration pursuant to the Merger Agreement. Verso stockholders must also vote to approve the issuance of Verso Warrants in connection with the Second Lien Notes Exchange Offer and the Subordinated Notes Exchange Offer. The number of shares of Verso common stock to be issued to the NewPage stockholders as part of the Merger Consideration will be based on the number of shares of Verso common stock outstanding after the conversion of the Verso Warrants to be issued to the holders of Old Second Lien Notes participating in the Second Lien Notes Exchange Offer and holders of Old Subordinated Notes participating in the Subordinated Notes Exchange Offer.

This document serves as both a proxy statement of Verso and a prospectus of Verso. It is a proxy statement because the Verso board of directors is soliciting proxies for use at a special meeting of its stockholders to vote on a proposal to approve the issuance of shares of Verso common stock as well as the other proposals set forth in the notice of the meeting and described in this joint proxy and information statement/prospectus, and your proxy will be used at the meeting or at any adjournment or postponement of the meeting. It is a prospectus because Verso will issue Verso common stock and New First Lien Notes to NewPage stockholders in the Merger. On or about August 5, 2014, Verso intends to begin to deliver to its stockholders of record as of the close of business on August 4, 2014, printed versions of these materials.

Your vote is important.

We are not soliciting a vote of NewPage stockholders. On July 16, 2014, NewPage received the written consents signed by a sufficient number of holders of shares of NewPage common stock to adopt the Merger Agreement and approve the Merger and other transactions contemplated by the Merger Agreement. This joint proxy and information statement/prospectus is being provided to NewPage stockholders for informational purposes.

**Q: What matters are to be voted on at the Verso special meeting?**

A: At the Verso special meeting, the holders of Verso common stock as of the close of business on August 4, 2014, or the record date, will be asked to consider and vote on the following proposals:

Proposal 1. approve the issuance of shares of Verso common stock to the NewPage stockholders as part of the Merger Consideration pursuant to the Merger Agreement;

**Table of Contents**

- Proposal 2. approve the issuance of Verso Warrants to the holders of Old Second Lien Notes participating in the Second Lien Notes Exchange Offer, and shares of Verso common stock issuable upon the conversion of such Verso Warrants immediately prior to the consummation of the Merger and the issuance of shares of Verso common stock as part of the Merger Consideration;
- Proposal 3. approve the issuance of Verso Warrants to the holders of Old Subordinated Notes participating in the Subordinated Notes Exchange Offer, and shares of Verso common stock issuable upon the conversion of such Verso Warrants immediately prior to the consummation of the Merger and the issuance of shares of Verso common stock as part of the Merger Consideration;
- Proposal 4. approve Verso's Amended and Restated 2008 Incentive Award Plan;
- Proposal 5. approve and adopt the amendment of Verso's Amended and Restated Certificate of Incorporation to change its corporate name to Verso Corporation effective upon the consummation of the Merger; and
- Proposal 6. approve any adjournment of the Verso special meeting, if necessary, to solicit additional proxies if there are not sufficient votes to approve Proposal 1 at the time of the Verso special meeting.

**Q: How does the Verso board of directors recommend that the Verso stockholders vote?**

A: The Verso board of directors recommends that the Verso stockholders vote **FOR** each of Proposals 1-6.

**Q: When is the Merger expected to be completed?**

A: The parties anticipate that the Merger will be completed during the second half of 2014.

**Q: Are there risks associated with the Merger that I should consider in deciding how to vote?**

A: Yes. There are a number of risks related to the Merger and the other transactions contemplated by the Merger Agreement that are discussed in this joint proxy and information statement/prospectus. Please read with particular care the detailed description of the risks described in the section of this joint proxy and information statement/prospectus entitled "Risk Factors" beginning on page 47.

**Q: Why does Verso need to amend the incentive award plan?**

A: Verso has granted incentive equity awards, and plans to grant additional incentive equity awards in the future, to its employees so as to encourage strong performance by the recipients of such awards by enabling them to participate in the future growth of the business. The number of shares of Verso common stock authorized for

issuance under the incentive plan must be increased based on the incentive equity awards Verso has granted to its directors, officers and employees to date and the incentive equity awards Verso plans to grant to certain executives upon the closing of the Merger and to its directors, officers and employees as it customarily would over the next few years. The Amended and Restated 2008 Incentive Award Plan would increase the number of shares of Verso common stock that may be issued pursuant to incentive equity awards from 6,250,000 shares to 11,000,000 shares of Verso common stock.

**Q: When and where is the Verso special meeting?**

- A. The Verso special meeting will be held at 10:00 a.m., Central Time, on August 12, 2014, at Verso's office located at 6775 Lenox Center Court, Memphis, Tennessee.

**Q: What is a quorum?**

- A: In order for business to be conducted at the Verso special meeting, a quorum must be present. The quorum requirement for holding the Verso special meeting and transacting business at the Verso special meeting is



**Table of Contents**

the presence, in person or by proxy, of a majority of the issued and outstanding shares of Verso common stock as of the record date entitled to vote at the Verso special meeting.

**Q: What is the effect of broker non-votes?**

A: Under the rules of the New York Stock Exchange, brokers, banks and other nominees are not permitted to exercise voting discretion on any of the proposals to be voted upon at the Verso special meeting. Therefore, if a beneficial holder of shares of Verso common stock does not give the broker, bank or other nominee specific voting instructions on Proposals 1, 2, 3, 4, 5 or 6, the holder's shares of Verso common stock will not be entitled to vote, and will not be voted, on those proposals. Broker non-votes (if any) will have no effect on the voting results of Proposals 1, 2, 3, 4, 5 or 6.

**Q: Who can vote at the Verso special meeting?**

A: Holders of record at the close of business as of the record date of Verso common stock will be entitled to notice of and to vote at the Verso special meeting. Each of the shares of Verso common stock issued and outstanding on the record date is entitled to one vote at the Verso special meeting with regard to each of the proposals described above.

**Q: What stockholder approvals are needed?**

A: Proposals 1, 2, 3, 4, 5 and 6 require the affirmative vote of a majority of the votes cast in person or represented by proxy at the Verso special meeting.

As of June 30, 2014, there were 53,327,441 shares of Verso common stock outstanding and entitled to vote at the Verso special meeting that were held by 31 holders of record.

**Q: Are NewPage stockholders voting on the Merger?**

A: No. On July 16, 2014, NewPage received the written consents signed by a sufficient number of holders of shares of NewPage common stock to adopt the Merger Agreement and approve the Merger and other transactions contemplated by the Merger Agreement. Therefore, we are not soliciting a vote of NewPage stockholders.

**Q: If I beneficially own restricted shares of Verso common stock as of the record date issued pursuant to any of Verso's equity incentive plans, will I be able to vote on the matters to be voted upon at the Verso special meeting?**

A: Yes. Holders who beneficially own restricted shares of Verso common stock as of the record date issued pursuant to any of Verso's equity incentive plans may vote on each proposal to be voted on at the Verso special meeting.

**Q: Will any other matters be presented for a vote at the Verso special meeting?**

A: Verso is not aware of any other matters that will be presented for a vote at the Verso special meeting. However, if any other matters properly come before the Verso special meeting, the proxies will have the discretion to vote upon such matters in their discretion.

**Q: Who can attend the Verso special meeting?**

A: You are entitled to attend the Verso special meeting only if you are a Verso stockholder of record or a beneficial owner as of the record date, or you hold a valid proxy for the Verso special meeting.

## **Table of Contents**

If you are a Verso stockholder of record and wish to attend the Verso special meeting, please so indicate on the appropriate proxy card or as prompted by the telephone or Internet voting system. Your name will be verified against the list of Verso stockholders of record prior to your being admitted to the Verso special meeting.

If a broker, bank or other nominee is the record owner of your shares of Verso common stock, you will need to have proof that you are the beneficial owner to be admitted to the Verso special meeting. A recent statement or letter from your bank or broker confirming your ownership as of the record date, or presentation of a valid proxy from a broker, bank or other nominee that is the record owner of your shares of Verso common stock, would be acceptable proof of your beneficial ownership.

You should be prepared to present photo identification for admittance. If you do not provide photo identification or comply with the other procedures outlined above upon request, you may not be admitted to the Verso special meeting.

Regardless of whether you intend to attend the Verso special meeting, you are encouraged to vote your shares of Verso common stock as promptly as possible. Voting your shares will not impact your ability to attend the Verso special meeting.

### **Q: How do I vote my shares?**

A: You may vote your shares of Verso common stock by proxy electronically via the Internet, by telephone, by completing and sending in the appropriate paper proxy card or in person at the Verso special meeting.

### **Q: How do I vote if my shares of Verso common stock are held in street name by a broker, bank or other nominee?**

A: If you hold your shares of Verso common stock in street name, you have the right to direct your broker, bank or other nominee how to vote the shares. You should complete a voting instruction card provided to you by your broker, bank or other nominee or provide your voting instructions electronically via the Internet or by telephone, if made available by your broker, bank or other nominee. If you wish to vote in person at the meeting, you must first obtain from your broker, bank or other nominee a proxy issued in your name.

### **Q: If my shares of Verso common stock are held in street name, will my broker, bank or other nominee vote my shares for me?**

A: If you hold your shares of Verso common stock in street name and do not provide voting instructions to your broker, bank or other nominee, your shares will not be voted on the proposals described above because your broker, bank or other nominee does not have discretionary authority to vote on these proposals. You should follow the directions your broker, bank or other nominee provides.

### **Q: Can I change my vote after I have delivered my proxy?**

- A: You may revoke a proxy or change your voting instructions at any time prior to the vote at the Verso special meeting. You may enter a new vote electronically via the Internet or by telephone or by mailing a new proxy card or new voting instruction card bearing a later date (which will automatically revoke your earlier voting instructions) or by attending the Verso special meeting and voting in person. Your attendance at the Verso special meeting in person will not cause your previously granted proxy to be revoked unless you specifically so request. You may deliver written notice of revocation of a proxy to Verso's Secretary at any time before the Verso special meeting by sending such revocation to the Secretary, 6775 Lenox Center Court, Suite 400, Memphis, Tennessee 38115-4436, in time for the Secretary to receive it before the Verso special meeting.

**Table of Contents**

**Q: What if I receive more than one proxy card?**

A: If you receive more than one proxy card, your shares of Verso common stock are registered in more than one name or are registered in different accounts. Please complete, date, sign and return each appropriate proxy card to ensure that all your shares are voted.

**Q: What do I need to do now?**

A: After carefully reading and considering the information contained in this joint proxy and information statement/prospectus, please respond by completing, signing and dating the appropriate proxy card or voting instruction card and returning in the enclosed postage-paid envelope, or, if available, by submitting your voting instruction electronically via the Internet or by telephone, as soon as possible so that your shares of Verso common stock may be represented and voted at the Verso special meeting. In addition, you may also vote your shares in person at the Verso special meeting. If you hold shares registered in the name of a broker, bank or other nominee, that broker, bank or other nominee has enclosed, or will provide, instructions for directing your broker, bank or other nominee how to vote those shares.

**Q: Should I send in my stock certificates (or evidence of shares in book-entry form) with my proxy card?**

A: No. Please do NOT send your Verso stock certificates (or evidence of shares in book-entry form) with your proxy card.

**Q: Who can help answer my questions?**

A: If you have any questions about the Verso special meeting, the matters to be voted upon, including the Merger, or questions about how to submit your proxy, or if you need additional copies of this joint proxy and information statement/prospectus or the enclosed proxy card or voting instruction card, you should contact Peter H. Kesser at [peter.kesser@versopaper.com](mailto:peter.kesser@versopaper.com) (e-mail) or call (901) 369-4105.

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**Table of Contents**

**QUESTIONS AND ANSWERS TO NEWPAGE STOCKHOLDERS ABOUT THE MERGER**

The following questions and answers are intended to address briefly some commonly asked questions regarding the Merger and the Merger Agreement. These questions and answers may not address all questions that may be important to you as a NewPage stockholder. Please refer to the Summary and the more detailed information contained elsewhere in this joint proxy and information statement/prospectus, the annexes to this joint proxy and information statement/prospectus and the documents referred to in this joint proxy and information statement/prospectus, each of which you should read carefully. For additional information about NewPage and its subsidiaries, please see

Information About NewPage beginning on page 391. You may also obtain additional information about NewPage and its subsidiaries without charge by following the instructions set forth in the section entitled Where You Can Find More Information beginning on page 415.

**Q: What is the proposed transaction and what effects will it have on NewPage?**

A: The proposed transaction is the acquisition of NewPage by Verso pursuant to the Merger Agreement. The acquisition is structured as a reverse triangular merger. If the closing conditions under the Merger Agreement have been satisfied or waived and the Merger Agreement is not otherwise terminated, Merger Sub, an indirect, wholly owned subsidiary of Verso, will merge with and into NewPage, with NewPage as the surviving entity. As a result of the Merger, NewPage will become an indirect, wholly-owned subsidiary of Verso, will no longer be a 1934 Act reporting company and will no longer file any reports with the SEC on account of NewPage's common stock. In addition, the NewPage Stockholders Agreement will terminate in accordance with its terms.

**Q: What will I be entitled to receive pursuant to the Merger Agreement?**

A: Pursuant to the Merger Agreement, (a) approximately \$243 million in cash was paid to holders of NewPage common stock as a dividend prior to the date of this joint proxy and information statement/prospectus, which is referred to as the Recapitalization Dividend, with the remaining approximately \$7 million of the \$250 million total cash consideration contemplated by the Merger Agreement paid into an escrow account for the benefit of holders of NewPage restricted stock units upon vesting and holders of NewPage stock options upon consummation of the Merger, and (b) each share of common stock of NewPage outstanding immediately prior to the effective time of the Merger (other than treasury shares of NewPage and any shares of NewPage common stock owned by Verso or any subsidiary of Verso or NewPage, and other than shares of common stock as to which dissenters' rights have been properly exercised pursuant to the General Corporation Law of the State of Delaware) will be converted into the right to receive its pro rata portion of (i) the remainder, if any, of the approximately \$7 million in cash paid into the escrow account, plus the cash actually received by NewPage in respect of any exercises of NewPage stock options between the date of the Merger Agreement and the closing of the Merger; (ii) \$650 million in principal amount of New First Lien Notes (subject to downward adjustment in certain circumstances in an amount not to exceed \$27 million in value); and (iii) shares of Verso common stock representing 20% (subject to upward adjustment in certain circumstances to no greater than 25%) of the sum of (x) the number of outstanding Verso shares as of immediately prior to closing of the Merger plus (y) the number of shares, if any, underlying vested, in-the-money Verso stock options as of the signing of the Merger Agreement. The number of shares of Verso common stock to be issued to the NewPage stockholders as part of the Merger

## Edgar Filing: Verso Paper Corp. - Form POS AM

Consideration will be based on the number of shares of Verso common stock outstanding after the conversion of the Verso Warrants to be issued to the holders of Old Second Lien Notes participating in the Second Lien Notes Exchange Offer and holders of Old Subordinated Notes participating in the Subordinated Notes Exchange Offer. Upon completion of the Merger, you will not own any shares of the capital stock in the Surviving Corporation but will own shares of Verso common stock to be issued to NewPage stockholders as part of the Merger Consideration.

**Table of Contents**

**Q: When do you expect the Merger to be completed?**

A: We are working to complete the Merger as soon as practicable. The parties anticipate that the Merger will be completed during the second half of 2014. However, because the Merger is subject to a number of conditions, some of which are beyond the control of NewPage and Verso, the precise timing for completion of the Merger cannot be predicted with certainty, and we cannot assure you that the Merger will be completed at all. See the section entitled "The Merger Agreement - Conditions to the Merger" beginning on page 280.

**Q: When can I expect to receive the Transaction Consideration for my shares?**

A: NewPage stockholders received approximately \$243 million of the cash portion of the Transaction Consideration through the Recapitalization Dividend when the proceeds of the NewPage Term Loan Facility were funded. After the Merger is completed, you will be sent a stockholder consent and release, a cooperation agreement and detailed written instructions for exchanging your NewPage common stock for the Merger Consideration. When you properly complete and return the required documentation described in the written instructions, you will receive from the paying agent your pro rata portion of the note consideration, share consideration and remaining portion of the cash consideration for your shares.

**Q: Where will the Verso common stock and the notes that I receive in the Merger be publicly traded?**

A: Verso common stock is listed on the New York Stock Exchange under the trading symbol VRS. We intend to apply to the New York Stock Exchange to list the shares of Verso common stock offered hereby prior to the consummation of the Merger. The notes are not listed on a public stock exchange, and Verso does not intend to have the New First Lien Notes listed on a national securities exchange.

**Q: What are the material U.S. federal income tax consequences of the Merger?**

A: The receipt of Merger Consideration for NewPage common stock pursuant to the Merger will be a taxable transaction for U.S. federal income tax purposes. In general, a stockholder subject to U.S. federal income taxation who receives Merger Consideration in exchange for NewPage common stock will recognize gain or loss for U.S. federal income tax purposes in an amount equal to the difference between the fair market value of the Merger Consideration, paid to such stockholder and the adjusted basis of the NewPage common stock exchanged by such stockholder in the Merger. In addition, the Recapitalization Dividend will be treated as a taxable dividend to the extent of NewPage's current and accumulated earnings and profits (as determined for U.S. tax purposes). See "Certain Material U.S. Federal Income Tax Consequences." Tax matters can be complicated, and the tax consequences of the Merger to you will depend on your particular tax situation. You should consult your tax advisor to determine the tax consequences of the Merger to you.

**Q: Did the NewPage board of directors approve and recommend the Merger Agreement?**



A: Yes. At a meeting on January 1, 2014 and subsequently by unanimous written consent dated January 3, 2014, the NewPage board of directors approved the Merger Agreement.

**Q: Has NewPage stockholder approval and adoption of the Merger Agreement been obtained?**

A: Yes. On July 16, 2014, NewPage received the written consents signed by a sufficient number of holders of shares of NewPage common stock to adopt the Merger Agreement and approve the Merger and other transactions contemplated by the Merger Agreement.

**Table of Contents**

**Q: What happens if the Merger is not completed?**

A: If the Merger is not completed for any reason, NewPage will continue as an independent entity, your NewPage common stock will not be cancelled and will remain outstanding, and you will not receive the Merger Consideration.

**Q: Why am I not being asked to vote on the Merger?**

A: This document is entitled joint proxy and information statement/prospectus because it is a joint document combining a proxy for Verso stockholders and an information statement for NewPage stockholders. We are not asking for a proxy from NewPage stockholders and you are not being requested to send us a proxy. Consummation of the Merger requires the adoption of the Merger Agreement by the holders of a majority of the outstanding shares of NewPage common stock voting or consenting as a single class. On July 16, 2014, NewPage received the written consents signed by a sufficient number of holders of shares of NewPage common stock to adopt the Merger Agreement and approve the Merger and other transactions contemplated by the Merger Agreement. No further approval of the stockholders of NewPage will be required to adopt the Merger Agreement and approve the Merger and the transactions and agreements contemplated by the Merger Agreement.

**Q: Why am I receiving this joint proxy and information statement/prospectus?**

A: You may be receiving this joint proxy and information statement/prospectus because you owned shares of NewPage common stock on the close of business day that we received the written consent of the holders of a majority of NewPage's issued and outstanding common stock approving the Merger.

**Q: What happens if I transfer my shares before the completion of the Merger?**

A: If you transfer your shares before the completion of the Merger, you will have transferred the right to receive the Merger Consideration to be received by NewPage stockholders pursuant to the Merger. In order to receive the Merger Consideration, you must hold your shares through completion of the Merger.

**Q: Am I entitled to exercise appraisal rights under the DGCL instead of receiving the Merger Consideration for my shares of NewPage common stock?**

A: Yes, provided that you comply with all applicable requirements and procedures of the DGCL. As a holder of NewPage common stock, you are entitled to appraisal rights under the DGCL in connection with the Merger if you take certain actions and meet certain conditions. The notice of appraisal was sent to you on July 11, 2014. See the section entitled The Merger NewPage Stockholder Appraisal Rights beginning on page 253.

**Q: Who can help answer my questions?**

A: If you have any questions about the Merger or the Merger Agreement, or if you need additional copies of this joint proxy and information statement/prospectus, you should contact Barbara Telek at [barbara.telek@newpagecorp.com](mailto:barbara.telek@newpagecorp.com) (e-mail) or call (937) 242-9629.

**Table of Contents**

**SUMMARY**

This summary highlights selected information described in more detail elsewhere in this joint proxy and information statement/prospectus and may not contain all of the information that is important to you. To understand the Merger and to obtain a more complete description of the terms of the Merger Agreement, you should carefully read this entire joint proxy and information statement/prospectus, including the annexes hereto, and the documents to which Verso and NewPage refer you. We have included page references parenthetically to direct you to a more complete description of the topics presented in this summary. Within the organization, Verso Paper Corp. is the ultimate parent entity and the sole member of Verso Paper Finance Holdings One LLC, which is the sole member of Verso Paper Finance Holdings LLC, which is the sole member of Verso Paper Holdings LLC. Unless otherwise indicated herein or the context requires otherwise, references in this Summary to *Verso*, refers collectively to Verso Paper Corp. and its subsidiaries; the term *Verso Finance* refers to Verso Paper Finance Holdings LLC; the term *Verso Holdings* refers to Verso Paper Holdings LLC. Unless otherwise noted, the information provided pertains to both Verso and Verso Holdings. References to *NewPage* refer collectively to NewPage Holdings Inc. and its subsidiaries. References to *we*, *us* or *our* refer collectively to Verso and NewPage; however, in the case of Management's Discussion and Analysis of Financial Condition and Results of Operations and Business, the terms *we*, *us* or *our* refer only to Verso and Verso Holdings.

**The Companies**

*Verso* (See page 390)

Verso Paper Corp.

6775 Lenox Center Court, Suite 400

Memphis, Tennessee 38115-4436

(901) 369-4100

Verso is a leading North American supplier of coated papers to catalog and magazine publishers. The coating process adds a smooth uniform layer in the paper, which results in superior color and print definition. As a result, coated paper is used primarily in media and marketing applications, including catalogs, magazines, and commercial printing applications, such as high-end advertising brochures, annual reports, and direct mail advertising.

Verso is one of North America's largest producers of coated groundwood paper, which is used primarily for catalogs and magazines. Verso is also a low cost producer of coated freesheet paper, which is used primarily for annual reports, brochures, and magazine covers. Verso also produces and sells market kraft pulp, which is used to manufacture printing and writing paper grades and tissue products. Verso's net sales by product line for the year ended December 31, 2013 were approximately \$619 million, \$444 million, \$156 million and \$170 million for coated groundwood paper, coated freesheet paper, pulp and other, respectively.

Verso operates eight paper machines at three mills located in Maine and Michigan. Verso believes its coated paper mills are among the most efficient and lowest cost coated paper mills based on the cash cost of delivery to Chicago, Illinois. Verso attributes its manufacturing efficiency, in part, to the significant historical investments made in its mills. Verso's mills have a combined annual production capacity of 1,305,000 tons of coated paper, 160,000 tons of ultra-lightweight specialty and uncoated papers, and 930,000 tons of kraft pulp. Of the pulp that Verso produces, Verso consumes approximately 635,000 tons internally and sells the rest. Verso's facilities are well located near major

publication printing customers, which affords it the ability to more quickly and cost-effectively deliver its products. The facilities also benefit from convenient and cost-effective access to northern softwood fiber, which is required for the production of lightweight and ultra-lightweight coated papers.

Verso sells and markets its products to approximately 130 customers, which comprise approximately 700 end-user accounts. Verso has long-standing relationships with many leading magazine and catalog publishers,

**Table of Contents**

commercial printers, specialty retail merchandisers and paper merchants. Verso's relationships with its ten largest coated paper customers average more than 20 years. Verso reaches its end-users through several distribution channels, including direct sales, commercial printers, paper merchants, and brokers. Many of Verso's customers provide Verso with forecasts of their paper needs, which allows Verso to plan its production runs in advance, optimizing production over its integrated mill system and thereby reducing costs and increasing overall efficiency. Verso's key customers include leading magazine publishers such as Condé Nast Publications, Hearst Enterprises, and National Geographic Society; leading catalog producers such as Avon Products, Inc., Restoration Hardware, Inc. and Cornerstone Brands, Inc.; leading commercial printers such as Quad/Graphics, Inc. and RR Donnelley & Sons Company and leading paper merchants and brokers, such as A.T. Clayton & Co., xpedx, and Clifford Paper, Inc.

As of June 30, 2014, Verso had approximately 2,100 employees. For the fiscal years ended December 31, 2013, 2012, and 2011, Verso had net sales of approximately \$1,388.9 million, \$1,474.6 million and \$1,722.5 million, respectively. For the three months ended March 31, 2014 and 2013, Verso had net sales of approximately \$299.1 million and \$333.2 million, respectively. Verso had net losses of \$111.2 million, \$173.8 million and \$137.1 million in fiscal years 2013, 2012, and 2011, respectively, and net losses of \$90.6 million and \$38.4 million for the three months ended March 31, 2014 and 2013, respectively. Verso Holdings had net losses of \$111.2 million, \$166.2 million and \$122.5 million in fiscal years 2013, 2012, and 2011, respectively, and net losses of \$90.6 million and \$37.7 million for the three months ended March 31, 2014 and 2013, respectively.

***Verso Merger Sub Inc.***

Verso Merger Sub Inc.

6775 Lenox Center Court, Suite 400

Memphis, TN 38115-4436

(901) 369-4100

Verso Merger Sub Inc., a Delaware corporation, referred to as Merger Sub, is an indirect, wholly owned subsidiary of Verso and a direct subsidiary of Verso Holdings. Merger Sub was formed solely for the purpose of engaging in the transactions contemplated by the Merger Agreement and, prior to the Merger, will not have engaged in any other business activities other than those relating to the transactions contemplated by the Merger Agreement. In the Merger, Merger Sub will merge with and into NewPage, and Merger Sub will cease to exist.

***Verso Paper Holdings LLC***

Verso Paper Holdings LLC

6775 Lenox Center Court, Suite 400

Memphis, TN 38115-4436

(901) 369-4100

Within our organization, Verso Paper Corp. is the ultimate parent entity and the sole member of Verso Paper Finance Holdings One LLC, which is the sole member of Verso Paper Finance Holdings LLC, which is the sole member of Verso Paper Holdings LLC.

*NewPage* (See page 391)

NewPage Holdings Inc.

8540 Gander Creek Drive

Miamisburg, Ohio 45342

(937) 242-9629

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**Table of Contents**

NewPage competes in the global printing and writing paper business, producing coated papers, supercalendered papers, and other uncoated and specialty products. NewPage also sells its excess market pulp. Most of NewPage's sales represent coated paper shipments to North American customers. Coated paper is used primarily in media and marketing applications, such as high-end advertising brochures, direct mail advertising, coated labels, magazines, magazine covers and inserts, catalogs and textbooks.

NewPage operates paper mills located in Kentucky, Maine, Maryland, Michigan, Minnesota and Wisconsin. All of NewPage's paper mills are at least partially-integrated, meaning that they produce paper, pulp and energy. Most of the energy produced at these mills is for internal use. As of December 31, 2013, NewPage's mills had total annual production capacity of approximately 3.5 million short tons of paper, including approximately 2.9 million short tons of coated paper, approximately 400,000 short tons of uncoated paper and approximately 200,000 short tons of specialty paper. All of NewPage's long-lived assets are located within the United States. NewPage's mills and distribution centers, are strategically located near major print markets, such as New York, Chicago and Minneapolis.

NewPage has long-standing relationships with many leading publishers, commercial printers, specialty retail merchandisers and paper merchants. NewPage's ten largest customers accounted for approximately half of its net sales for 2013. NewPage's key customers include Condé Nast Publications, The McGraw-Hill Companies, Meredith Corporation, Hearst Corporation, Rodale Inc. and Time Inc. in publishing; Quad/Graphics and R.R. Donnelley & Sons Company in commercial printing; Sears Holdings Corporation, Target Corporation and Williams-Sonoma, Inc. in retailing; and paper merchants Lindenmeyr, a division of Central National-Gottesman Inc., Unisource Worldwide, Inc. and xpedx, a division of International Paper Company. Key customers for specialty paper products include Avery Dennison Corporation and Fort Dearborn Company. During 2013, xpedx and Unisource accounted for 13% and 12% of net sales. No other customer accounted for more than 10% of NewPage's 2013 net sales.

As of June 30, 2014, NewPage had approximately 5,500 employees. For the fiscal years ended December 31, 2013, 2012, and 2011, NewPage had net sales of \$3,054 million, \$3,131 million and \$3,502 million, respectively. For the three months ended March 31, 2014 and 2013, NewPage had net sales of \$757 million and \$756 million, respectively. NewPage had net losses of \$2 million in 2013, net income of \$1,258 million in 2012 and net losses of \$498 million in 2011 and net losses of \$71 million and \$11 million in the three months ended March 31, 2014 and 2013.

As a result of the Creditor Protection Proceedings described elsewhere in this joint proxy and information statement/prospectus, the implementation of the Chapter 11 plan and the application of fresh start accounting materially changed the carrying amounts and classifications reported in NewPage's consolidated financial statements and resulted in NewPage becoming a new entity for financial reporting purposes. Accordingly, NewPage's consolidated financial statements for periods prior to December 31, 2012 will not be comparable to NewPage's consolidated financial statements as of December 31, 2012 or for periods subsequent to December 31, 2012. References to Successor or Successor Company refer to NewPage Holdings Inc. on or after December 31, 2012, after giving effect to the implementation of the Chapter 11 plan and the application of fresh start accounting. References to Predecessor or Predecessor Company refer to NewPage Corporation prior to December 31, 2012.

For additional information about NewPage and its subsidiaries, see Information About NewPage beginning on page 391 and Where You Can Find More Information beginning on page 415.



## **Table of Contents**

### **Vote Required**

Proposals 1, 2, 3, 4, 5 and 6 require the affirmative vote of a majority of the votes cast in person or represented by proxy at the Verso special meeting. As of the record date, Verso directors, executive officers and their affiliates are entitled to vote 37,720,907 shares of Verso common stock, or approximately 71% of the total outstanding shares of Verso common stock.

On July 16, 2014, NewPage received the written consents signed by a sufficient number of holders of shares of NewPage common stock to adopt the Merger Agreement and approve the Merger and other transactions contemplated by the Merger Agreement. As of July 16, 2014 and the date of this joint proxy and information statement/prospectus, NewPage directors, executive officers and their affiliates are entitled to vote 107,456 shares of NewPage common stock, or approximately 1.5% of the total issued and outstanding shares of NewPage common stock.

### **Merger and Merger Agreement** (See pages 213 and 266)

On January 3, 2014, Verso, Merger Sub and NewPage entered into the Merger Agreement, providing for the merger of Merger Sub and NewPage, with NewPage surviving as an indirect subsidiary of Verso.

The terms and conditions of the Merger are contained in the Merger Agreement, a copy of which is attached as Annex A to this joint proxy and information statement/prospectus. We encourage you to read the Merger Agreement carefully, as it is the legal document that governs the Merger.

### **Transaction Consideration** (See page 266)

Pursuant to the Merger Agreement, (a) approximately \$243 million in cash was paid to holders of NewPage common stock as a dividend prior to the date of this joint proxy and information statement/prospectus, which is referred to as the Recapitalization Dividend, with the remaining approximately \$7 million of the \$250 million total cash consideration contemplated by the Merger Agreement paid into an escrow account for the benefit of holders of NewPage restricted stock units upon vesting and holders of NewPage stock options upon consummation of the Merger, and (b) each share of common stock of NewPage outstanding immediately prior to the effective time of the Merger (other than treasury shares of NewPage and any shares of NewPage common stock owned by Verso or any subsidiary of Verso or NewPage, and other than shares of common stock as to which dissenters' rights have been properly exercised pursuant to the General Corporation Law of the State of Delaware) will be converted into the right to receive its pro rata portion of:

the remainder, if any, of the approximately \$7 million in cash paid into the escrow account, plus the cash actually received by NewPage in respect of any exercises of NewPage stock options between the date of the Merger Agreement and the closing of the Merger;

\$650 million in principal amount of New First Lien Notes (subject to downward adjustment in certain circumstances in an amount not to exceed \$27 million in value); and

shares of Verso common stock representing 20% (subject to upward adjustment in certain circumstances to no greater than 25%) of the sum of (x) the number of outstanding Verso shares as of immediately prior to

closing of the Merger plus (y) the number of shares, if any, underlying vested, in-the-money Verso stock options as of the signing of the Merger Agreement.

As of the date of the filing of this joint proxy and information statement/prospectus, the number of shares of Verso common stock to be issued to NewPage stockholders would be approximately 14.4 million in the aggregate, assuming a 100% participation of aggregate principal amount of Old Second Lien Notes in the Second Lien Notes Exchange Offer and a 100% participation of aggregate principal amount of Old Subordinated Notes in the Subordinated Notes Exchange Offer, and that the number of shares of Verso common stock issued as part of the Merger Consideration is not further adjusted upwards.

## **Table of Contents**

Upon the closing of the Merger, each share of NewPage common stock outstanding immediately prior to the closing (other than shares owned directly or indirectly by Verso or Merger Sub or any of their respective subsidiaries, and NewPage stockholders, if any, who effectively exercise appraisal rights under Delaware law) will be canceled and extinguished and be converted automatically into the right to receive a portion of the Merger Consideration. See The Merger Agreement Transaction Consideration.

### **Ancillary Agreements** (See page 286)

Concurrently with the execution of the Merger Agreement, NewPage, Merger Sub, Verso and certain of NewPage's stockholders and Verso's affiliates entered into ancillary agreements relating to:

support of the Merger by certain NewPage stockholders, and support of the issuance of shares of Verso common stock as part of the Merger Consideration by Verso's majority stockholder;

the lock-up of debt and equity securities of Verso held by Apollo Global Management LLC ( Apollo ) and its affiliates, and agreement by certain affiliates of Verso to take specified actions with respect to regulatory filings required in connection with the Merger;

the appointment of a current director of NewPage to the board of Verso;

Verso's efforts to enter into a financing in connection with certain non-core energy assets;

the form of a release agreement whereby NewPage stockholders and holders of NewPage restricted stock units and in-the-money NewPage stock options will release claims against NewPage and its successors and assigns as consideration for their receipt of the Merger Consideration; and

the form of a cooperation agreement whereby Verso will be subject to a cooperation agreement which will require Verso to assist with marketing the New First Lien Notes.

The foregoing summaries of such ancillary agreements executed or to be executed at the closing of the Merger are qualified in their entirety by reference to the descriptions of such agreements set forth on Form 8-K as filed with the SEC on January 6, 2014 by Verso and NewPage, respectively.

### **Verso Board of Directors Reasons for the Merger** (See page 232)

Verso believes that the acquisition of NewPage will, among other things, enable the combined company to be better positioned to compete on a global scale, to effectively leverage NewPage's existing customer base and geographical reach to withstand competition from electronic substitution for print and international producers and result in at least \$175 million of pre-tax total cost synergies, which are expected to be achieved during the first 18 months after completion of the Merger (based on an analysis developed by Verso's management).

In the course of reaching its decision to approve the Merger Agreement, the Verso board of directors considered a number of factors in its deliberations. Those factors are described in The Merger Recommendation of the Verso Board of Directors and Verso's Reasons for the Merger beginning on page 232.

**NewPage Board of Directors Reasons for the Merger** (See page 222)

At a meeting on January 1, 2014, NewPage's board of directors determined by unanimous vote of all directors present and subsequently by unanimous written consent, dated January 3, 2014, that the Merger is in the best interests of NewPage and its stockholders. In reaching its decision to approve the Merger Agreement and declare it advisable, NewPage's board of directors received advice from NewPage's management and legal, financial, tax and accounting advisors and considered a number of factors.

## **Table of Contents**

NewPage's board of directors determined that the Merger represents the most certain and best prospect for maximizing stockholder value and creating an opportunity for NewPage stockholders to monetize that value. Importantly, the Merger is expected to enable the realization of at least \$175 million of pre-tax total cost synergies during the first 18 months after the closing of the Merger. These synergies will benefit the value of the New First Lien Notes and Verso common stock issued in the Merger. See *The Merger Recommendation of the NewPage Board of Directors and NewPage's Reasons for the Merger* beginning on page 222.

### **Fairness Opinion of Financial Advisor to NewPage** (See page 226)

Goldman Sachs rendered its oral opinion on January 1, 2014, which was subsequently confirmed by a written opinion to NewPage's board of directors that based upon and subject to the factors and assumptions set forth therein, the Per Share Closing Cash Consideration, the Per Share Closing Note Consideration and the Per Share Closing Share Consideration, each as defined in the Merger Agreement, taken in the aggregate, to be paid to holders (other than Verso and its affiliates) of shares of NewPage common stock pursuant to the Merger Agreement was fair from a financial point of view to such holders.

The full text of the written opinion of Goldman Sachs, dated January 3, 2014, which sets forth assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is attached as Annex B. Goldman Sachs provided its opinion for the information and assistance of NewPage's board of directors in connection with its consideration of the Merger. The Goldman Sachs opinion is not a recommendation as to how any holder of NewPage common stock should vote or act by written consent with respect to the Merger or any other matter. Pursuant to an engagement letter between NewPage and Goldman Sachs, NewPage has agreed to pay Goldman Sachs a transaction fee of approximately \$12 million, all of which will become payable upon consummation of the Merger.

### **Fairness Opinion of Financial Advisor to Verso** (See page 234)

Evercore has provided Verso's board of directors with an opinion that concludes that the Merger is fair, from a financial point of view, to Verso's stockholders. A copy of Evercore's fairness opinion is attached as Annex D.

### **Solvency Opinion of Financial Advisor to Verso** (See page 242)

Murray Devine has provided Verso's board of directors with an opinion that, after giving effect to the Merger and the other transactions contemplated by the Merger Agreement, Verso and its subsidiaries will be solvent. Prior to the closing of the Merger, Murray Devine will deliver a bring down of its solvency opinion. A copy of Murray Devine's solvency opinion is attached as Annex E.

### **Treatment of NewPage Stock Options and Other Stock-Based Awards** (See page 268)

#### ***NewPage Stock Options***

When NewPage paid the Recapitalization Dividend to its stockholders, as described in *The Merger Agreement Transaction Consideration Form of Transaction Consideration*, NewPage adjusted the exercise price of each outstanding option by reducing it by the amount payable in respect of one share of NewPage common stock. As of the effective time of the Merger, each outstanding option that is an in-the-money option (which are all outstanding options immediately prior to the effective time that had an exercise price of \$108.72 as of the date of the Merger Agreement) will become fully vested and, as of the closing of the Merger, will be automatically cancelled and converted into the right of the optionholder to receive consideration equal to the difference between (i) the per share aggregate

Transaction Consideration and (ii) the exercise price of such in-the-money option (determined without regard to any adjustment in respect of the Recapitalization Dividend

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**Table of Contents**

described in the preceding sentence). In the event an optionholder executes an optionholder acknowledgement, the form of consideration such holder will be entitled to receive will be a combination of cash consideration, note consideration and share consideration as determined by the board of directors of NewPage based on the proportionate amount of each form of consideration payable in respect of one share of NewPage's common stock, taking into account the cash paid in connection with the Recapitalization Dividend. In the event an optionholder does not execute the optionholder acknowledgement, the form of consideration such holder will be entitled to receive will be a combination of cash consideration, note consideration and share consideration as determined by the board of directors of NewPage based on the proportionate amount of each form of consideration payable in respect of one share of NewPage's common stock at closing. Each form of consideration payable to optionholders will be reduced on a pro rata basis by amounts that are required to be withheld under any applicable tax laws. The Surviving Corporation or its subsidiaries will be required to issue the consideration payable to the former optionholders as soon as reasonably practicable following the closing date, subject to their execution of a stockholder consent and release. All options that are not in-the-money options will be automatically cancelled and terminated without payment as of the effective time of the Merger.

***NewPage Restricted Stock Unit Awards***

Each holder of NewPage restricted stock units (each, an RSU) that were outstanding on the date that the Recapitalization Dividend was paid to NewPage stockholders is entitled to receive a dividend equivalent equal to the amount payable in respect of one share of NewPage common stock in connection with the Recapitalization Dividend. Such dividend equivalent payable in respect of each RSU will be paid to its holder, less any amounts that are required to be withheld under applicable tax laws, on the date on which NewPage's common stock underlying the RSU is distributed to the holder in accordance with the applicable RSU award agreement. Upon the closing of the Merger, each holder of RSUs will be entitled to receive payment of any outstanding and unpaid dividend equivalents in respect of the RSUs held by such individual.

As of the effective time of the Merger, each RSU, whether vested or unvested, will become fully vested. At the closing of the Merger, each RSU will be cancelled and automatically converted into the right of the holder of each RSU outstanding immediately prior to the effective time of the merger to receive, promptly following the closing of the Merger, the cash consideration, note consideration and share consideration to which one share of NewPage common stock is entitled at closing, reduced on a pro rata basis by the amounts that are required to be withheld or deducted under any applicable tax laws. The Surviving Corporation or its subsidiaries will be required to issue such consideration to the former RSU holders subject to their execution of a stockholder consent and release.

Because certain NewPage stock options and RSUs had not vested at the time the Recapitalization Dividend was paid to NewPage stockholders, NewPage deposited an amount into escrow that is sufficient to satisfy NewPage's obligation to the holders of such options and RSUs. In this regard, the Merger Agreement provides that in connection with the payment of the Recapitalization Dividend to NewPage stockholders, an amount reasonably determined by the NewPage board of directors which is not less than (a) the product of (i) the number of RSUs outstanding as of the record date of the Recapitalization Dividend, multiplied by (ii) the amount of the per share Recapitalization Dividend, plus (b) \$3 million plus (c) the cash actually received by NewPage in respect of any exercises of NewPage stock options between the signing of the Merger Agreement and the closing of the Merger, was funded into escrow and paid to holders of in-the-money options and RSUs in connection with the closing of the Merger or, with respect to RSUs, upon the earlier settlement of the underlying RSUs.

**Interests of NewPage Directors and Executive Officers in the Merger (See page 245)**

Certain of NewPage's directors and executive officers have interests in the Merger that are different from, or in addition to, the interests of NewPage's stockholders. The board of directors of NewPage was aware of these interests and considered them when it adopted the Merger Agreement and approved the Merger. These interests



**Table of Contents**

are described in more detail in the section of this document entitled See The Merger Interests of NewPage Directors and Executive Officers in the Merger beginning on page 245.

**Interests of Verso Directors and Executive Officers in the Merger** (See page 249)

Verso has previously committed to granting stock options to purchase a total of 200,000 shares of Verso common stock to its chief executive officer immediately after the consummation of the Merger.

**Conditions to the Completion of the Merger** (See page 280)

Verso and NewPage currently expect to complete the Merger in the second half of 2014, subject to receipt of required stockholder and regulatory approvals and the satisfaction or waiver of the other conditions to the Merger. As more fully described in this joint proxy and information statement/prospectus and in the Merger Agreement, each party's obligation to complete the Merger depends on a number of conditions being satisfied or, where legally permissible, waived, including the following:

receipt of the NewPage stockholder approval through execution of written consents or otherwise;

no law or order having been enacted or entered by any governmental authority that restrains, makes illegal or otherwise prohibits the consummation of the Merger;

the waiting period under the HSR Act will have expired or been earlier terminated without Verso or Merger Sub being required to take any action to resolve an antitrust challenge that would materially affect the business;

approvals of FERC and the PSCW will have been obtained without Verso or Merger Sub being required to take any action to resolve a challenge by such governmental entities that would materially affect the business;

the Exchange Offer Transactions and the Consent Solicitations will have been consummated;

NewPage Corporation's existing asset based loan facility will have been replaced with the NewPage ABL Facility as contemplated by the Debt Commitment Letters;

there will not have been any default or event of default under any existing Verso notes as a result of the Merger or the transactions contemplated by the Merger Agreement;

the number of shares of NewPage stock whose holders will have exercised dissenter's rights will not be greater than 7%;

the registration statement on Form S-4 will have become effective and not be the subject of any continuing stop order;

prior to the payment of the Recapitalization Dividend to NewPage stockholders, Houlihan Lokey Financial Advisors, Inc. will have delivered an opinion related to solvency matters to the NewPage board of directors, and NewPage will have provided Verso with a copy of such opinion for the board of directors of Verso;

a nationally recognized accounting firm will have delivered to NewPage and Verso the certificate with the calculations of certain NewPage restricted payments that occurred during the pre-closing period;

NewPage will have received the proceeds contemplated by the Debt Commitment Letters;

on or before January 17, 2014, Murray Devine will have delivered an opinion to the NewPage board of directors and the Verso board of directors that Verso (together with its subsidiaries) will be solvent as of the closing of the Merger after giving pro forma effect to the transactions contemplated by the Merger Agreement. At the closing of the Merger, Murray Devine will deliver a bring down of its solvency opinion; and

**Table of Contents**

Verso will have received the requisite approval of its stockholders for the issuance of Verso common stock as share consideration.

The obligation of NewPage to complete the Merger is subject to the satisfaction or waiver of the following additional conditions:

certain of Verso's representations and warranties will be true and correct in all respects and the other representations and warranties of Verso will be true and correct except where the failure of such representations and warranties to be so true and correct, individually or in the aggregate, have not had and would not reasonably be expected to have a material adverse effect;

the performance, in all material respects, by Verso and Merger Sub of their covenants and agreements required to be performed or complied with prior to the closing of the Merger;

since September 30, 2013, there will not have occurred a material adverse effect with respect to Verso;

Verso will have delivered to NewPage a certification that the conditions in the previous three bullets have been satisfied; and

the shares of Verso common stock to be issued as share consideration will have been approved for listing on the New York Stock Exchange.

The obligation of Verso to complete the Merger is subject to the satisfaction or waiver of the following additional conditions:

certain of NewPage's representations and warranties will be true and correct in all respects and the other representations and warranties of NewPage will be true and correct except where the failure of such representations and warranties to be so true and correct, individually or in the aggregate, have not had and would not reasonably be expected to have a material adverse effect;

the performance, in all material respects, by NewPage of its covenants and agreements required to be performed or complied with prior to the closing of the Merger;

since September 30, 2013, there will not have occurred a material adverse effect with respect to NewPage;

NewPage will have delivered to Verso a certification that the conditions in the previous three bullets have been satisfied;

NewPage will have delivered to Verso an affidavit stating that NewPage is not and has not been a United States real property holding corporation; and

NewPage will have used the proceeds of the NewPage Term Loan Facility only in accordance with the terms of the Merger Agreement related to the payment of the Recapitalization Dividend to NewPage stockholders.

**Regulatory Approvals Required to Complete the Merger** (See page 251)

Verso and NewPage have agreed to cooperate and use reasonable best efforts to obtain all regulatory approvals required to complete the transactions contemplated by the Merger Agreement. For an acquisition transaction meeting certain size thresholds, such as the Merger, the HSR Act requires the parties to file notification and report forms with the Antitrust Division of the United States Department of Justice (the DOJ ) and the Federal Trade Commission ( FTC ) and to observe specified waiting period requirements before completing the Merger.

On February 28, 2014, Verso and NewPage filed Notification and Report Forms with the DOJ and FTC. On March 31, 2014, the parties received a Request for Additional Information and Documentary Materials, referred

**Table of Contents**

to as a second request, from the DOJ regarding the Merger. The effect of the second request was to extend the waiting period imposed by the HSR Act until 30 days after each party has substantially complied with the second request, unless that period is terminated sooner by the DOJ or is extended by the agreement of the parties and the DOJ. The parties have responded to the second request and will continue to work cooperatively with the DOJ in connection with this review. In addition, receipt of certain energy regulatory approvals is a condition to each of Verso's and NewPage's obligation to close the Merger. Approvals of the Merger by FERC and the PSCW are conditions to each party's obligation to consummate the Merger. As of the date of this joint proxy and information statement/prospectus, the parties have received the required approvals from the FERC and PSCW.

**Financing** (See page 214)

On January 3, 2014, in connection with the entry into the Merger Agreement, Verso entered into amendments (the Credit Agreement Amendments) to its Existing ABL Facility and its Existing Cash Flow Facility. Under the Credit Agreement Amendments, (a) the lenders under each of Verso's Existing ABL Facility and Existing Cash Flow Facility consented to the Merger and the other transactions contemplated by the Merger Agreement, including the incurrence of certain indebtedness in connection therewith, (b) the lenders consented to amendments to allow the sale and/or financing of certain non-core assets, and (c) the parties agreed to amend Verso's Existing ABL Facility and Verso's Existing Cash Flow Facility to allow for certain other transactions upon the consummation of the Merger and the other transactions contemplated by the Merger Agreement. The pricing terms, maturities and commitments under Verso's Existing ABL Facility and Verso's Existing Cash Flow Facility remain unchanged.

Prior to the closing of the Merger, NewPage borrowed \$750 million under the NewPage Term Loan Facility and replaced its former \$350 million asset-based loan facility with the NewPage ABL Facility.

At the time of the closing, Verso expects to issue \$650 million in aggregate principal amount of New First Lien Notes to the current shareholders of NewPage as part of the Merger Consideration.

The issuers and guarantors of Verso's debt securities (including the New First Lien Notes) and the borrower and guarantors of Verso's credit facilities do not guarantee the obligations under the NewPage Term Loan Facility and the NewPage ABL Facility, and the borrower and guarantors under the NewPage Term Loan Facility and the NewPage ABL Facility will not guarantee the obligations under Verso's debt securities and credit facilities. As a result, following the consummation of the Merger, the holders of Verso's debt securities (including the New First Lien Notes) will be structurally subordinated to the obligations under the NewPage Term Loan Facility and the NewPage ABL Facility to the extent of the value of the assets of NewPage Subsidiaries. Upon the consummation of the Merger, NewPage Holdings Inc. (but not the NewPage Subsidiaries) will guarantee Verso's debt securities (other than any remaining Old Second Lien Notes and Old Subordinated Notes) and Verso's credit facilities. NewPage Holdings Inc. is a holding company without any assets or operations other than interests in its subsidiaries.

**Use of Proceeds of NewPage Term Loan Facility**

Proceeds of the NewPage Term Loan Facility were used to repay NewPage's former \$500 million term loan facility and to pay the Recapitalization Dividend to NewPage's stockholders. Prior to payment of the Recapitalization Dividend, the NewPage board of directors received an opinion related to solvency matters from Houlihan Lokey Financial Advisors, Inc. The opinion addressed matters only relating to NewPage after giving effect to the Recapitalization Dividend and the financing therefor, and not with respect to the combined company. Although the receipt of this opinion prior to payment of the Recapitalization Dividend is a condition to the completion of the Merger, the opinion has already been delivered and the Recapitalization Dividend has already been paid. Accordingly, the opinion is not materially related to either the Merger or the decisions to be made by the shareholders of either

NewPage or Verso with respect to the Merger.

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**Table of Contents****Exchange Offer Transactions**

On July 2, 2014, the Verso Issuers launched and, subsequently on July 24, 2014, amended offers to exchange (a) new New Second Lien Notes and Verso Warrants that will be mandatorily convertible, immediately prior to the closing of the Merger and the issuance of shares of Verso common stock as part of the Merger Consideration, into shares of Verso common stock representing, as of immediately after the consummation of the Merger, each participating holder's pro rata portion (based on such holder's pro rata portion of the Old Second Lien Notes) of 15% of the total number of outstanding shares of Verso common stock, determined on a fully diluted basis, for any and all outstanding Old Second Lien Notes, and (b) New Subordinated Notes and Verso Warrants that will be mandatorily convertible, immediately prior to the closing of the Merger and the issuance of shares of Verso common stock as part of the Merger Consideration, into shares of Verso common stock representing, as of immediately after the consummation of the Merger, each participating holder's pro rata portion (based on such holder's pro rata portion of the New Subordinated Notes) of 6.670% of the total number of outstanding shares of Verso common stock, determined on a fully diluted basis, for any and all outstanding Old Subordinated Notes. Each Verso Warrant will be convertible into one share of Verso common stock. No fractional shares of Verso common stock will be issued upon conversion of the Verso Warrants. If, upon conversion of the Verso Warrants, a holder would be entitled to receive a fractional interest in a share, such fractional interest will be rounded up to the nearest whole number of shares of Verso common stock to be issued to the Verso Warrant holder.

In connection with the Exchange Offers, the Verso Issuers are also soliciting consents to amend the Old Second Lien Notes, the Old Subordinated Notes and the indentures governing the Old Second Lien Notes and the Old Subordinated Notes. The proposed amendments, which require the consent of a majority in outstanding aggregate principal amount of the Old Second Lien Notes and Old Subordinated Notes, respectively, will eliminate or waive substantially all of the restrictive covenants, eliminate certain events of default, modify covenants regarding mergers and transfer of assets, and modify or eliminate certain other provisions. In addition, the consents with respect to the Old Second Lien Notes will authorize a release of the liens and security interests in the collateral securing the Old Second Lien Notes. In order to be effected, the collateral release must be consented to by the holders of at least two-thirds in outstanding aggregate principal amount of the Old Second Lien Notes.

Prior to the consummation of the Merger, (i) the New Second Lien Notes will have substantially the same terms as the Old Second Lien Notes in that the New Second Lien Notes will have their original principal amount, will bear interest at a rate of 8.75% per annum, will mature on February 1, 2019 and will be governed by covenants that are substantially the same as the covenants currently governing the Old Second Lien Notes, and (ii) the New Subordinated Notes will have substantially the same terms as the Old Subordinated Notes in that the New Subordinated Notes will have their original principal amount, will bear interest at a rate of 11  $\frac{3}{8}$ % per annum, will mature on August 1, 2016 and will be governed by covenants that are substantially the same as the covenants currently governing the Old Subordinated Notes. If the Merger does not occur, the New Second Lien Notes and the New Subordinated Notes will retain their original principal amount and these same terms.

Upon the consummation of the Merger, (i) the principal amount of the outstanding New Second Lien Notes will be adjusted such that a holder of \$1,000 principal amount of New Second Lien Notes immediately prior to the Merger will hold \$668.75 principal amount of New Second Lien Notes immediately following the Merger, subject to adjustment based on participation in the Second Lien Notes Exchange Offer (as described below), and the principal amount of the outstanding New Subordinated Notes will be adjusted such that a holder of \$1,000 principal amount of New Subordinated Notes immediately prior to the Merger will hold \$710 principal amount of New Subordinated Notes immediately following the Merger, subject to adjustment based on participation in the Subordinated Notes Exchange Offer (as described below), (ii) the maturity date of the New Second Lien Notes will be extended to August 1, 2020 and the maturity date of the New Subordinated Notes will be extended to August 1, 2020, (iii) the New

Second Lien Notes interest rate will be adjusted such that the New Second Lien Notes will bear interest from and after the date of the consummation of the Merger at a rate of 10% per annum entirely in cash plus 3% per annum ( Second Lien Notes PIK Interest ) payable entirely by increasing the



**Table of Contents**

principal amount of the outstanding New Second Lien Notes or by issuing additional New Second Lien Notes ( Second Lien PIK Notes ), (iv) the New Subordinated Notes interest rate will be adjusted such that the New Subordinated Notes will bear interest from and after the date of the consummation of the Merger at a rate of 11% per annum entirely in cash plus 5% per annum ( Subordinated Notes PIK Interest ) payable entirely by increasing the principal amount of the outstanding New Subordinated Notes or by issuing additional New Subordinated Notes ( Subordinated PIK Notes ), (v) certain other amendments to the terms of the New Second Lien Notes and New Subordinated Notes will be effected and (vi) the Verso Warrants will have been mandatorily converted into shares of Verso common stock.

The principal amount of New Second Lien Notes following the Merger per \$1,000 principal amount of New Second Lien Notes prior to the Merger will be adjusted based on participation in the Second Lien Notes Exchange Offer as follows:

Percentage of Aggregate Principal Amount of Old Second Lien Notes Participating in the Second Lien Notes Exchange Offer	Principal Amount of New Second Lien Notes Following the Merger per \$1,000 Principal Amount of New Second Lien Notes Prior to the Merger
75%	\$593.75
80%	\$608.75
85%	\$623.75
90%	\$638.75
95%	\$653.75
100%	\$668.75

If holders in the aggregate tender a percentage of Old Second Lien Notes that is not set forth in the table above, holders will receive the principal amount corresponding to the closest lower percentage (e.g., if 87.5% of the Old Second Lien Notes are tendered, holders will receive the principal amount corresponding to 85%).

The principal amount of New Subordinated Notes following the Merger per \$1,000 principal amount of New Subordinated Notes prior to the Merger will be adjusted based on participation in the Subordinated Notes Exchange Offer as follows:

Percentage of Aggregate Principal Amount of Old Subordinated Notes Participating in the Subordinated Notes Exchange Offer	Principal Amount of New Subordinated Notes Following the Merger per \$1,000 Principal Amount of New Subordinated Notes Prior to the Merger
70%	\$620
75%	\$635
80%	\$650
85%	\$665

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90%	\$680
95%	\$695
100%	\$710

If holders in the aggregate tender a percentage of Old Subordinated Notes that is not set forth in the table above, holders will receive the principal amount corresponding to the closest lower percentage (e.g., if 87.5% of the Old Subordinated Notes are tendered, holders will receive the principal amount corresponding to 85%).

The Verso Warrants will be issued pursuant to a warrant agreement to be dated as of the date of the consummation of the Second Lien Notes Exchange Offer and the Subordinated Notes Exchange Offer (the Warrant Agreement), between Verso and the warrant agent named therein. The Verso Warrants will entitle an eligible holder to acquire shares of Verso common stock representing, as of immediately after the consummation of the Merger, such holder's pro rata portion (based on such holder's pro rata portion of the Old Second Lien Notes or New Subordinated Notes) of 15% or 6.670%, respectively, of the total number of outstanding shares of

## **Table of Contents**

Verso common stock, determined on a fully diluted basis. Each Verso Warrant will be convertible into one share of Verso common stock. The Verso Warrants will be mandatorily convertible into shares of Verso common stock without payment of consideration (and will not otherwise be convertible) immediately prior to the closing of the Merger and the issuance of shares of Verso common stock as part of the Merger Consideration. No fractional shares of Verso common stock will be issued upon conversion of the Verso Warrants. If, upon conversion of the Verso Warrants, a holder would be entitled to receive a fractional interest in a share, such fractional interest will be rounded up to the nearest whole number of shares of Verso common stock to be issued to the Verso Warrant holder. If the Merger is terminated, the Verso Warrants will be void and of no value and will cease to be convertible into shares of Verso common stock.

Neither the Verso Warrants nor the shares of Verso common stock issuable in respect of such Verso Warrants have been registered under the Securities Act or any other securities laws and, unless so registered, may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws.

The consummation of the Second Lien Notes Exchange Offer is conditioned upon, among other things, the valid tender, and not withdrawal, of at least 75% in aggregate principal amount of outstanding Old Second Lien Notes.

The consummation of the Subordinated Notes Exchange Offer is conditioned upon, among other things, the valid tender, and not withdrawal, of at least 70% in aggregate principal amount of outstanding Old Subordinated Notes.

It is not a condition of the Second Lien Notes Exchange Offer that the Subordinated Notes Exchange Offer is consummated, and it is not a condition of the Subordinated Notes Exchange Offer that the Second Lien Notes Exchange Offer is consummated.

Additionally, the New Second Lien Notes and the New Subordinated Notes will be subject to registration rights agreements.

Unless otherwise specified in this joint proxy and information statement/prospectus, we have assumed that all outstanding Old Second Lien Notes and all outstanding Old Subordinated Notes will be exchanged, that \$396.0 million aggregate principal amount of New Second Lien Notes and \$142.5 million aggregate principal amount of New Subordinated Notes will be issued in the Exchange Offer Transactions, and that approximately 18.8 million shares of Verso common stock will be issued upon the mandatory conversion of the Verso Warrants immediately prior to the closing of the Merger.

As of the date of this joint proxy and information statement/prospectus, Verso has not obtained the Verso Junior Noteholder Consent or consummated the Exchange Offer Transactions, and Verso may not be able to obtain the Verso Junior Noteholder Consent or consummate the Exchange Offer Transactions on the current terms or at all, in which case the Merger may not close.

## **Shared Services Agreement**

In connection with the consummation of the Merger, Verso and NewPage will enter into a shared services agreement (the Shared Services Agreement ). Under the Shared Services Agreement, Verso may provide or cause to be provided to NewPage certain services from and after the closing of the Merger. The Shared Services Agreement provides for the treatment of services costs, costs to implement expected synergies and the benefits anticipated therefrom. Payment under the Shared Services Agreement will be monthly with quarterly true-ups.



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**Table of Contents**

The Shared Services Agreement provides for a broad array of potential services, including operating and back office or corporate-type services. For all services provided to NewPage, NewPage will pay Verso an amount equal to the all-in cost incurred or paid by NewPage for such service on an average basis over the twelve month period prior to the closing of the transaction.

Any costs incurred in the implementation of the expected synergies from the transaction will be allocated one-third to Verso and two-thirds to NewPage. Additionally, 100% of all realized synergies and cost savings resulting from the transaction will be for the benefit of Verso. If either Verso or NewPage suffers a reduction in production capacity of greater than 10% of such party's production capacity measured prior to the closing of the Merger, such party will be entitled to a specified make-whole payment (equal to the lesser of \$75.00 per ton and pre-reduction EBITDA per ton) if the party that did not experience such reduction realizes an increase of at least 10% in tons sold in any of the four subsequent quarters. The make-whole will be paid quarterly.

We currently anticipate that payments from NewPage to Verso under the Shared Services Agreement will be significant. However, such payments are not expected to increase NewPage's costs relative to its standalone position immediately prior to the Merger. See Risk Factors Risks Relating to the Merger The combined company may not realize the anticipated benefits of the Merger and Risk Factors Risks Relating to the Merger The combined company's operating results after the Merger may materially differ from the pro forma information presented in this joint proxy and information statement/prospectus.

In order to monitor, coordinate and facilitate the implementation of the terms and conditions of the Shared Services Agreement, Verso and NewPage will establish a Steering Committee on which each of Verso and NewPage will be equally represented. The Steering Committee will meet at least quarterly to monitor and determine the services to be provided and their cost. The Steering Committee will also serve as the first forum for the resolution of any disputes arising under the Shared Services Agreement. The Shared Services Agreement will have an initial term of three years and will automatically renew for successive one-year terms thereafter unless either Verso or NewPage provides 90 days' prior written notice. NewPage will indemnify Verso in connection with its or its affiliates provision of services to NewPage.

**Termination of the Merger Agreement** (See page 282)

The Merger Agreement may be terminated and the Merger may be abandoned at any time prior to the effective time of the Merger, whether before or after the NewPage stockholder approval has been obtained, as follows:

by mutual written consent of the parties;

by either NewPage or Verso if (i) the closing of the Merger has not occurred on or before 5:00 p.m. (New York City time) on December 31, 2014 (the End Date) and (ii) the party seeking to terminate the Merger Agreement has not breached in any material respect its obligations under the Merger Agreement in a manner that was a principal cause of the failure to consummate the Merger on or before the End Date; provided, that either party has the right to extend the End Date for up to two additional thirty (30) calendar day periods, if the only condition to closing that has not been satisfied or waived is the expiration of the waiting period under the HSR Act;

by either NewPage or Verso if any court of competent jurisdiction has issued or entered a permanent injunction or a similar order has been entered permanently enjoining or otherwise prohibiting the consummation of the Merger;

by either NewPage or Verso if the NewPage stockholder approval is not obtained either by written consent or at a meeting of the NewPage stockholders;

by NewPage, if Verso or Merger Sub has breached or failed to perform any of their representations, warranties, covenants or other agreements contained in the Merger Agreement, which breach or failure

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**Table of Contents**

to perform would result in the failure of the condition relating to the accuracy of Verso's representation and warranties and performance of its covenants;

by Verso, in the event (A) of a change of recommendation by the NewPage board of directors or (B) certain tender or exchange offers for NewPage common stock if NewPage does not thereafter issue a public statement reaffirming the NewPage board of directors' recommendation of the Merger, if NewPage has breached its obligations with respect to the non-solicitation of transactions covenant in any material respect and failed to cease such breach within two business days of being notified by Verso of such breach, or if NewPage will have breached or failed to perform any of its representations, warranties, covenants or other agreements contained in the Merger Agreement (other than with respect to non-solicitation), which breach or failure to perform would result in a failure of the conditions relating to the accuracy of NewPage's representations and warranties and performance of its covenants; or

by NewPage, at any time prior to the NewPage stockholder approval having been obtained after NewPage will have received a Superior Proposal (as defined in the The Merger Agreement Exclusivity; Alternative Transactions on page 275) in order for NewPage to enter into a definitive agreement with respect to such Superior Proposal, so long as NewPage has complied with its obligations with respect to alternative transactions and prior to or concurrently with such termination, NewPage will have paid a termination fee to Verso; after March 4, 2014 and on or prior to March 19, 2014, in the event that the Verso Junior Noteholder Consent has not been obtained, or the Exchange Offer Condition (as defined in the Merger Agreement) has not been satisfied, in each case by March 4, 2014; and between January 18, 2014 and 5:00 pm (New York City) time on January 21, 2014 if Murray Devine has not delivered its initial solvency opinion as to Verso and its subsidiaries.

**Non-Solicitation of Alternative Proposals** (See page 275)

Between signing of the Merger Agreement and the closing of the Merger (or the earlier termination of the Merger Agreement), NewPage has agreed not to take, and will not permit its subsidiaries and their respective officers, directors and employees to take, and will use reasonable best efforts to cause its other representatives not to take, any action to solicit, encourage, initiate or engage in discussions or negotiations with or provide any information to or enter into any agreement with any person or entity or facilitate any inquiries or submission of proposals for any acquisition transaction involving 25% or more of NewPage's assets or capital stock (other than with Verso or its affiliates).

This restriction includes ceasing any existing activities, discussions or negotiations conducted prior to the date of the Merger Agreement with respect to any alternative transaction. NewPage is required to promptly (and in no event later than 48 hours after receipt) notify Verso of the receipt of any proposal for an alternative transaction (or any request for information that could reasonably be expected to result in an alternative transaction), and keep Verso informed on a prompt basis (and in any event within 48 hours of NewPage's or its representatives' knowledge) of any material developments with respect to such proposal for an alternative transaction.

At any time prior to receipt of the NewPage stockholder approval, if NewPage receives an unsolicited proposal for an alternative acquisition transaction involving 100% of NewPage's assets or capital stock, the NewPage board of directors may take the following actions if it determines in good faith after consulting with NewPage's financial advisors and legal counsel that (i) such proposal constitutes or is reasonably likely to constitute a Superior Proposal and (ii) failure to take such action would be inconsistent with the directors' fiduciary duties under applicable law:

provide information to the third party making a proposal, so long as such third party has entered into a confidentiality agreement with NewPage; and

engage in discussions or negotiations with such third party with respect to the proposal for an alternative transaction.



**Table of Contents**

At any time prior to the receipt of the NewPage stockholder approval, the NewPage board of directors may change its recommendation of the Merger to its stockholders that they adopt the Merger Agreement and approve the Merger if the following occurs:

the NewPage board of directors determines in good faith after consulting with NewPage's financial advisors and legal counsel that (A) the failure to effect a change of recommendation would be inconsistent with the directors' fiduciary duties under applicable law and (B) that a proposal for an alternative transaction constitutes a Superior Proposal, and NewPage enters into an agreement with respect to such Superior Proposal and concurrently terminates the Merger Agreement and pays Verso a termination fee;

NewPage gives at least five business days' notice to Verso prior to the NewPage board of directors changing its recommendation, and thereafter, the NewPage board of directors and NewPage's representatives negotiate with Verso in good faith to adjust the terms of the Merger Agreement so as to obviate the need for the change of recommendation; and

upon the expiration of the five business day notice period to Verso and after consultation with NewPage's financial and legal advisors and taking into account any proposed changes to the terms of the Merger Agreement by Verso, the NewPage board of directors will have determined that the failure of the NewPage board of directors to change its recommendation would be inconsistent with the directors' fiduciary duties under applicable law.

**Expenses and Termination Fees Relating to the Merger** (See page 283)

NewPage has agreed to pay to Verso a termination fee of \$27 million in cash if:

(i) after the signing of the Merger Agreement, any Qualifying Transaction (as defined in the Merger Agreement) is made known to the NewPage board of directors, or is publicly proposed or publicly disclosed prior to the NewPage stockholder approval having been obtained (or prior to a termination of the Merger Agreement as a result of the NewPage stockholder approval not being obtained), (ii) Verso or NewPage, as applicable, terminates the Merger Agreement as a result of reaching the End Date, the NewPage stockholder approval not being obtained or the failure of the closing condition related to the bring down of NewPage's representations and warranties and covenant compliance and (iii) concurrently with or within twelve (12) months after such termination, NewPage will have consummated a transaction whereby any person or entity would own 50% or more of NewPage following the consummation of such transaction (regardless of whether the transaction is the same one referred to in clause (i) above);

Verso terminates the Merger Agreement through an Alternative Transaction Termination (as defined in The Merger Agreement Termination on page 282); or

NewPage terminates the Merger Agreement as a result of reaching the End Date (only if the NewPage stockholder approval has not been obtained), the NewPage stockholder approval has not been obtained or

NewPage receives a Superior Proposal and enters into a definitive agreement with respect to such proposal; provided, that NewPage will be obligated to pay the termination fee as result of reaching the End Date or because it failed to obtain the NewPage stockholder approval only if, prior to such termination, the NewPage board of directors changed its recommendation that the NewPage stockholders adopt the Merger Agreement and approve the Merger.

Verso has agreed to pay to NewPage a termination fee of \$27 million (half in cash and half in New First Lien Notes) if (i) the Verso Junior Noteholder Consent was not obtained, or the closing condition related to the Exchange Offer Transactions is not satisfied or waived by NewPage, in each case prior to March 4, 2014, (ii) NewPage does not terminate the Merger Agreement as a result, (iii) certain other closing conditions (e.g., stockholder approval and regulatory approvals) were satisfied, or were reasonably capable of being satisfied at

## **Table of Contents**

the closing, (iv) the condition to closing the Merger that Murray Devine deliver a bring down of its solvency opinion is not reasonably capable of being satisfied at closing solely as a result of the failure of the closing condition related to the Exchange Offer Transactions, (v) the Merger fails to close due to the failure of Verso to consummate the Exchange Offer Transactions and (vi) Verso or NewPage subsequently terminates the Merger Agreement as a result of reaching the End Date.

### **Accounting Treatment of the Merger** (See page 257)

The Merger will be accounted for by Verso as a business combination under the acquisition method of accounting.

### **Certain Material U.S. Federal Income Tax Consequences of the Merger** (See page 257)

The receipt of Merger Consideration for NewPage common stock pursuant to the Merger will be a taxable transaction for U.S. federal income tax purposes. In general, a stockholder subject to U.S. federal income taxation who receives Merger Consideration in exchange for NewPage common stock will recognize gain or loss for U.S. federal income tax purposes in an amount equal to the difference between the fair market value of the Merger Consideration, paid to such U.S. stockholder and the adjusted basis of the NewPage common stock exchanged by such U.S. stockholder in the Merger. In addition, the Recapitalization Dividend will be treated as a taxable dividend to the extent of NewPage's current and accumulated earnings and profits (as determined for U.S. tax purposes). See **The Merger Certain Material U.S. Federal Income Tax Consequences** beginning on page 257. Tax matters can be complicated, and the tax consequences of the Merger to you will depend on your particular tax situation. You should consult your tax advisor to determine the tax consequences of the Merger to you.

### **Comparison of the Rights of Holders of Verso Common Stock and NewPage Common Stock** (See page 380)

As a result of the completion of the Merger, holders of NewPage common stock, in-the-money options to acquire NewPage common stock, and NewPage restricted stock units will become holders of Verso common stock. Each of Verso and NewPage is a Delaware corporation governed by the DGCL, but the rights of Verso stockholders currently are, and from and after the Merger will be, governed by the Verso Charter and the Verso Bylaws, while the rights of NewPage stockholders are currently governed by the NewPage Charter, the NewPage By-laws, and the NewPage Stockholders Agreement. This joint proxy and information statement/prospectus includes summaries of the material differences between the rights of NewPage stockholders and Verso stockholders arising because of differences between the Verso Charter and Verso Bylaws and the NewPage Charter, NewPage By-laws, and NewPage Stockholders Agreement.

### **Appraisal Rights in Connection with the Merger** (See page 253)

Pursuant to Section 262 of the DGCL, holders of NewPage common stock who comply with the applicable requirements of Section 262 of the DGCL and do not otherwise withdraw or lose the right to appraisal under Delaware law have the right to seek appraisal of the fair value of their shares of NewPage common stock, as determined by the Delaware Court of Chancery, if the Merger is completed. The fair value of your shares of NewPage common stock as determined by the Delaware Court of Chancery may be more or less than, or the same as, the value of the Merger Consideration per share that you are otherwise entitled to receive under the terms of the Merger Agreement. Holders of NewPage common stock who wish to preserve any appraisal rights must so advise NewPage by submitting a demand for appraisal within the period prescribed by Section 262 of the DGCL, and must otherwise follow the procedures prescribed by Section 262 of the DGCL. A person having a beneficial interest in shares of NewPage common stock held of record in the name of another person, such as a broker, bank or other nominee, must act promptly to cause the record holder to follow the steps summarized in this joint proxy and information

statement/prospectus and in a timely manner to perfect appraisal rights. In view of the complexity of Section 262 of the DGCL, NewPage stockholders who may wish to pursue appraisal rights should consult their legal and financial advisors.

Table of Contents**SUMMARY HISTORICAL AND PRO FORMA FINANCIAL DATA****Summary Historical Consolidated Financial Data of Verso**

The following table presents summary historical consolidated financial and operating data for Verso as of and for the fiscal years ended December 31, 2013, 2012 and 2011 and as of and for the three months ended March 31, 2014 and 2013. The summary historical financial information presented below for each of the three years ended December 31, 2013 has been derived from Verso's audited consolidated financial statements. The summary historical financial information presented below for the three months ended March 31, 2014 and 2013 has been derived from Verso's unaudited interim condensed consolidated financial statements. In the opinion of Verso's management, the unaudited interim financial data includes all adjustments, consisting of only normal non-recurring adjustments, considered necessary for a fair presentation of this information.

The information is only a summary and should be read in conjunction with Verso's consolidated financial statements and the related notes thereto and the information under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations" included herein.

	<b>Three Months Ended</b>		<b>Year Ended December 31,</b>		
	<b>March 31,</b>	<b>2013</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
	<b>2014</b>				
<b>(Dollars in millions except per share amounts)</b>					
<b>Statements of Operations Data:</b>					
<b>Net sales</b>	\$ 299.1	\$ 333.2	\$ 1,388.9	\$ 1,474.6	\$ 1,722.5
<b>Costs and expenses:</b>					
Cost of products sold (exclusive of depreciation, amortization and depletion)	302.3	291.8	1,179.1	1,272.6	1,460.3
Depreciation, amortization, and depletion	25.7	26.0	104.7	118.2	125.3
Selling, general, and administrative expenses	17.6	18.8	73.8	74.4	78.0
Goodwill impairment					18.7
Restructuring charges		1.0	1.4	102.4	24.5
<b>Total operating expenses</b>	<b>345.6</b>	<b>337.6</b>	<b>1,359.0</b>	<b>1,567.6</b>	<b>1,706.8</b>
Other operating income(1)		(3.3)	(4.0)	(60.6)	
<b>Operating (loss) income</b>	<b>(46.5)</b>	<b>(1.1)</b>	<b>33.9</b>	<b>(32.4)</b>	<b>15.7</b>
Interest income					(0.1)
Interest expense	34.5	34.7	137.8	135.4	126.6
Other loss, net	9.6	2.6	7.9	7.4	26.1
<b>Loss before income taxes</b>	<b>(90.6)</b>	<b>(38.4)</b>	<b>(111.8)</b>	<b>(175.2)</b>	<b>(136.9)</b>
Income tax (benefit) expense			(0.6)	(1.4)	0.2
<b>Net loss</b>	<b>\$ (90.6)</b>	<b>\$ (38.4)</b>	<b>\$ (111.2)</b>	<b>\$ (173.8)</b>	<b>\$ (137.1)</b>



**Table of Contents**

	Three Months Ended		Year Ended December 31,		
	March 31, 2014	2013	2013	2012	2011
<b>(Dollars in millions except per share amounts)</b>					
<b>Per Share Data:</b>					
(Loss) earnings per common share:					
Basic	\$ (1.70)	\$ (0.72)	\$ (2.09)	\$ (3.29)	\$ (2.61)
Diluted	(1.70)	(0.72)	(2.09)	(3.29)	(2.61)
Weighted average common shares outstanding (in thousands):					
Basic	53,188	52,976	53,124	52,850	52,595
Diluted	53,188	52,976	53,124	52,850	52,595
<b>Statement of Cash Flows Data:</b>					
Cash (used in) provided by operating activities	\$ (96.3)	\$ (83.2)	\$ (27.7)	\$ 12.0	\$ 14.5
Cash (used in) provided by investing activities	(8.8)	32.9	(13.8)	(7.1)	(66.2)
Cash provided by (used in) financing activities	98.0	1.5	(8.7)	(38.3)	(6.2)
<b>Other Financial and Operating Data:</b>					
EBITDA(2)	\$ (30.4)	\$ 22.3	\$ 130.7	\$ 78.4	\$ 114.9
Adjusted EBITDA(3)	(7.9)	20.1	129.5	140.1	202.5
Capital expenditures	(16.5)	(8.2)	(40.7)	(59.9)	(90.3)
Total tons sold (in thousands)(4)	371.7	406.2	1,689.8	1,799.0	2,023.4
<b>Balance Sheet Data (end of period):</b>					
Cash and cash equivalents	\$ 4.2	\$ 12.7	\$ 11.3	\$ 61.5	\$ 94.9
Working capital(5)	96.9	108.9	63.4	110.3	142.6
Property, plant, and equipment, net	722.1	761.8	742.9	793.0	934.7
Total assets	1,062.8	1,131.7	1,098.6	1,208.9	1,421.5
Total debt	1,346.2	1,259.4	1,248.5	1,257.0	1,262.5
Total (deficit) equity	(507.2)	(358.9)	(417.3)	(321.7)	(153.9)

- (1) Other operating income in 2012 reflected insurance proceeds in excess of costs and property damages incurred of \$60.6 million, as we reached a final settlement agreement with our insurance provider for property and business losses resulting from the fire and explosion at the former Sartell mill.
- (2) EBITDA consists of earnings before interest, taxes, depreciation, and amortization. EBITDA is a measure commonly used in our industry, and we present EBITDA to enhance your understanding of our operating performance. We use EBITDA as a way of evaluating our performance relative to that of our peers. We believe that EBITDA is an operating performance measure, and not a liquidity measure, that provides investors and analysts with a measure of operating results unaffected by differences in capital structures, capital investment cycles, and ages of related assets among otherwise comparable companies. However, EBITDA is not a measurement of financial performance under U.S. GAAP, and our EBITDA may not be comparable to similarly titled measures of other companies. You should consider our EBITDA in addition to, and not as a substitute for, or superior to, our operating or net income or cash flows from operating activities determined in accordance with GAAP.

The following table reconciles net loss to EBITDA for the periods presented:

**Year Ended December 31,**

	<b>Three Months Ended</b>				
	<b>March 31,</b>				
	<b>2014</b>	<b>2013</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
<b>(Dollars in millions)</b>					
<b>Reconciliation of net loss to EBITDA:</b>					
Net loss	\$ (90.6)	\$ (38.4)	\$ (111.2)	\$ (173.8)	\$ (137.1)
Income tax (benefit) expense			(0.6)	(1.4)	0.2
Interest expense, net	34.5	34.7	137.8	135.4	126.5
Depreciation, amortization, and depletion	25.7	26.0	104.7	118.2	125.3
<b>EBITDA</b>	<b>\$ (30.4)</b>	<b>\$ 22.3</b>	<b>\$ 130.7</b>	<b>\$ 78.4</b>	<b>\$ 114.9</b>

(3) Adjusted EBITDA is EBITDA further adjusted to eliminate the impact of certain items that we do not consider to be indicative of the performance of our ongoing operations permitted in calculating covenant compliance under the indentures governing our debt securities. Adjusted EBITDA is modified to align the mark-to-market impact of derivative contracts used to economically hedge a portion of future natural gas purchases with the period in which the contracts settle. You are encouraged to evaluate each adjustment and to consider



**Table of Contents**

whether the adjustment is appropriate. In addition, in evaluating Adjusted EBITDA, you should be aware that in the future, we may incur expenses similar to the adjustments included in the presentation of Adjusted EBITDA. We believe that the supplemental adjustments applied in calculating Adjusted EBITDA are reasonable and appropriate to provide additional information to investors. We also believe that Adjusted EBITDA is a useful liquidity measurement tool for assessing our ability to meet our future debt service, capital expenditures, and working capital requirements. Adjusted EBITDA is not a measure of financial performance under GAAP, and you should consider Adjusted EBITDA in addition to and not as a substitute for, or superior to, our operating or net income or cash flows from operating activities determined in accordance with GAAP. Because Adjusted EBITDA is not a measurement determined in accordance with GAAP and is susceptible to varying calculations, Adjusted EBITDA, as presented, may not be comparable to other similarly titled measures presented by other companies. There may also be additional adjustments to Adjusted EBITDA under the agreements governing our material debt obligations.

The following table reconciles cash flows from operating activities to Adjusted EBITDA for the periods presented:

	<b>Three Months Ended</b>		<b>Year Ended December 31,</b>		
	<b>March 31,</b>	<b>2013</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
<b>(Dollars in millions)</b>					
<b>Reconciliation of cash flows to Adjusted EBITDA:</b>					
Cash flows (used in) provided by operating activities	\$ (96.3)	\$ (83.2)	\$ (27.7)	\$ 12.0	\$ 14.5
Income tax (benefit) expense			(0.6)	(1.4)	0.2
Amortization of debt issuance costs	(1.4)	(1.4)	(5.4)	(5.3)	(5.4)
Accretion of discount on long-term debt	(0.2)	(0.1)	(0.6)	(1.4)	(4.1)
Equity award expense	(0.4)	(0.4)	(1.8)	(2.7)	(2.4)
Interest income					(0.1)
Interest expense	34.5	34.7	137.8	135.5	126.6
(Loss) gain on disposal of fixed assets	(0.2)	3.3	4.0	45.7	(0.3)
Loss on early extinguishment of debt, net				(8.2)	(26.1)
Asset impairment				(77.4)	
Goodwill impairment					(18.7)
Other, net	(12.8)	3.2	(0.8)	5.0	(1.0)
Changes in assets and liabilities, net	46.4	66.2	25.8	(23.4)	31.7
<b>EBITDA</b>	<b>(30.4)</b>	<b>22.3</b>	<b>130.7</b>	<b>78.4</b>	<b>114.9</b>
Merger related costs (a)	9.6		5.2		
Hedge (gains) losses(b)	11.7	(3.8)	(14.3)	(3.7)	7.5
Equity award expense(c)	0.4	0.4	1.8	2.7	2.4
Restructuring charges(d)		1.0	1.4	102.4	24.5
Loss on extinguishment of debt, net(e)		2.6	2.8	8.2	26.1
Gain on insurance settlement(f)				(52.6)	
Goodwill impairment(g)					18.7
Other items, net(h)	0.8	(2.4)	1.9	4.7	8.4
<b>Adjusted EBITDA (i)</b>	<b>\$ (7.9)</b>	<b>\$ 20.1</b>	<b>\$ 129.5</b>	<b>\$ 140.1</b>	<b>\$ 202.5</b>

- (a) Represents costs incurred in connection with the Merger.
  - (b) Represents unrealized (gains) losses on energy-related derivative contracts.
  - (c) Represents amortization of non-cash incentive compensation.
  - (d) Represents costs associated with the closure of the former Sartell mill in 2012 and the shutdown of three paper machines in 2011.
  - (e) Represents net loss related to debt refinancing.
  - (f) Represents gain on insurance settlement resulting from the fire at the former Sartell mill.
  - (g) Represents impairment of goodwill allocated to the coated paper segment.
  - (h) Represents miscellaneous non-cash and other earnings adjustments, including the gains on sales of the former Sartell mill and Verso Fiber Farm LLC in 2013.
  - (i) Verso's historical Adjusted EBITDA is shown before the pro forma effects of our profitability program.
- (4) See information under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations" included herein for further discussion of this metric.
- (5) Working capital is defined as current assets net of current liabilities, excluding the current portion of long-term debt.

**Table of Contents****Summary Historical Consolidated Financial Data of Verso Holdings**

The following table presents summary historical consolidated financial and operating data for Verso Holdings as of and for the fiscal years ended December 31, 2013, 2012 and 2011 and as of and for the three months ended March 31, 2014 and 2013. The summary historical financial information presented below for each of the three years ended December 31, 2013 has been derived from Verso Holdings' audited consolidated financial statements. The summary historical financial information presented below for the three months ended March 31, 2014 and 2013 has been derived from Verso Holdings' unaudited interim condensed consolidated financial statements. In the opinion of Verso Holdings' management, the unaudited interim financial data includes all adjustments, consisting of only normal non-recurring adjustments, considered necessary for a fair presentation of this information.

The information is only a summary and should be read in conjunction with Verso Holdings' consolidated financial statements and the related notes thereto and the information under the heading Management's Discussion and Analysis of Financial Condition and Results of Operations included herein.

	<b>Three Months Ended</b>		<b>Year Ended December 31,</b>		
	<b>March 31,</b>	<b>2013</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
	<b>2014</b>				
<b>(Dollars in millions)</b>					
<b>Statements of Operations Data:</b>					
<b>Net sales</b>	\$ 299.1	\$ 333.2	\$ 1,388.9	\$ 1,474.6	\$ 1,722.5
<b>Costs and expenses:</b>					
Cost of products sold (exclusive of depreciation, amortization and depletion)	302.3	291.8	1,179.1	1,272.6	1,460.3
Depreciation, amortization, and depletion	25.7	26.0	104.7	118.2	125.3
Selling, general, and administrative expenses	17.6	18.8	73.8	74.4	78.0
Goodwill impairment					10.5
Restructuring charges		1.0	1.4	102.4	24.5
<b>Total operating expenses</b>	<b>345.6</b>	<b>337.6</b>	<b>1,359.0</b>	<b>1,567.6</b>	<b>1,698.6</b>
Other operating income(1)		(3.3)	(4.0)	(60.6)	
<b>Operating (loss) income</b>	<b>(46.5)</b>	<b>(1.1)</b>	<b>33.9</b>	<b>(32.4)</b>	<b>23.9</b>
Interest income	(0.4)	(0.4)	(1.5)	(1.5)	(1.6)
Interest expense	34.9	34.4	138.7	127.9	122.2
Other loss, net	9.6	2.6	7.9	7.4	25.8
<b>Net loss</b>	<b>\$ (90.6)</b>	<b>\$ (37.7)</b>	<b>\$ (111.2)</b>	<b>\$ (166.2)</b>	<b>\$ (122.5)</b>
<b>Statement of Cash Flows Data:</b>					
Cash (used in) provided by operating activities	\$ (96.3)	\$ (83.0)	\$ (27.5)	\$ 11.3	\$ 14.6
Cash (used in) provided by investing activities	(8.8)	32.9	(13.8)	(7.1)	(66.2)
Cash provided by (used in) financing activities	98.1	1.3	(9.0)	(37.6)	(6.3)
<b>Other Financial and Operating Data:</b>					
EBITDA(2)	\$ (30.4)	\$ 22.3	\$ 130.7	\$ 78.4	\$ 123.4
Adjusted EBITDA(3)	(7.9)	20.1	129.5	140.1	202.8

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Capital expenditures	(16.5)	(8.2)	(40.7)	(59.9)	(90.3)
Total tons sold (in thousands)(4)	371.7	406.2	1,689.8	1,799.0	2,023.4

**Table of Contents**

	Three Months Ended		Year Ended December 31,		
	March 31, 2014	2013	2013	2012	2011
<b>(Dollars in millions)</b>					
<b>Balance Sheet Data (end of period):</b>					
Cash and cash equivalents	\$ 4.2	\$ 12.6	\$ 11.2	\$ 61.5	\$ 94.8
Working capital(5)	97.0	109.0	63.4	111.4	142.9
Property, plant, and equipment, net	722.1	761.8	742.9	793.0	934.7
Total assets	1,086.2	1,155.1	1,121.9	1,232.3	1,444.4
Total debt	1,369.5	1,282.7	1,271.8	1,187.1	1,201.1
Total (deficit) equity	(501.0)	(352.1)	(411.1)	(220.6)	(61.2)

- (1) Other operating income in 2012 reflected insurance proceeds in excess of costs and property damages incurred of \$60.6 million, as we reached a final settlement agreement with our insurance provider for property and business losses resulting from the fire and explosion at the former Sartell mill.
- (2) EBITDA consists of earnings before interest, taxes, depreciation, and amortization. EBITDA is a measure commonly used in our industry, and we present EBITDA to enhance your understanding of our operating performance. We use EBITDA as a way of evaluating our performance relative to that of our peers. We believe that EBITDA is an operating performance measure, and not a liquidity measure, that provides investors and analysts with a measure of operating results unaffected by differences in capital structures, capital investment cycles, and ages of related assets among otherwise comparable companies. However, EBITDA is not a measurement of financial performance under U.S. GAAP, and our EBITDA may not be comparable to similarly titled measures of other companies. You should consider our EBITDA in addition to, and not as a substitute for, or superior to, our operating or net income or cash flows from operating activities determined in accordance with GAAP.

The following table reconciles net loss to EBITDA for the periods presented:

	Three Months Ended		Year Ended December 31,		
	March 31, 2014	2013	2013	2012	2011
<b>(Dollars in millions)</b>					
<b>Reconciliation of net loss to EBITDA:</b>					
Net loss	\$ (90.6)	\$ (37.7)	\$ (111.2)	\$ (166.2)	\$ (122.5)
Interest expense, net	34.5	34.0	137.2	126.4	120.6
Depreciation, amortization, and depletion	25.7	26.0	104.7	118.2	125.3
<b>EBITDA</b>	<b>\$ (30.4)</b>	<b>\$ 22.3</b>	<b>\$ 130.7</b>	<b>\$ 78.4</b>	<b>\$ 123.4</b>

- (3) Adjusted EBITDA is EBITDA further adjusted to eliminate the impact of certain items that we do not consider to be indicative of the performance of our ongoing operations permitted in calculating covenant compliance under the indentures governing our debt securities. Adjusted EBITDA is modified to align the mark-to-market impact of derivative contracts used to economically hedge a portion of future natural gas purchases with the period in which

the contracts settle. You are encouraged to evaluate each adjustment and to consider whether the adjustment is appropriate. In addition, in evaluating Adjusted EBITDA, you should be aware that in the future, we may incur expenses similar to the adjustments included in the presentation of Adjusted EBITDA. We believe that the supplemental adjustments applied in calculating Adjusted EBITDA are reasonable and appropriate to provide additional information to investors. We also believe that Adjusted EBITDA is a useful liquidity measurement tool for assessing our ability to meet our future debt service, capital expenditures, and working capital requirements. Adjusted EBITDA is not a measure of financial performance under GAAP, and you should consider Adjusted EBITDA in addition to and not as a substitute for, or superior to, our operating or net income or cash flows from operating activities determined in accordance with GAAP. Because Adjusted EBITDA is not a measurement determined in accordance with GAAP and is susceptible to varying calculations, Adjusted EBITDA, as presented, may not be comparable to other similarly titled measures presented by other companies. There may also be additional adjustments to Adjusted EBITDA under the agreements governing our material debt obligations.

**Table of Contents**

The following table reconciles cash flows from operating activities to Adjusted EBITDA for the periods presented:

	Three Months Ended		Year Ended		
	March 31, 2014	2013	2013	2012	2011
<b>(Dollars in millions)</b>					
<b>Reconciliation of cash flows to Adjusted EBITDA:</b>					
Cash flows (used in) provided by operating activities	\$ (96.3)	\$ (83.0)	\$ (27.5)	\$ 11.3	\$ 14.6
Amortization of debt issuance costs	(1.4)	(1.3)	(5.4)	(5.0)	(5.0)
Accretion of discount on long-term debt	(0.2)	(0.1)	(0.6)	(1.4)	(4.1)
Equity award expense	(0.4)	(0.4)	(1.8)	(2.7)	(2.4)
Interest income	(0.4)	(0.4)	(1.5)	(1.5)	(1.6)
Interest expense	34.9	34.4	138.6	127.9	122.2
(Loss) gain on disposal of fixed assets	(0.2)	3.3	4.0	45.7	(0.3)
Loss on early extinguishment of debt, net				(8.2)	(26.1)
Asset impairment				(77.4)	
Goodwill impairment					(10.5)
Other, net	(12.8)	3.2	(0.7)	5.0	(1.0)
Changes in assets and liabilities, net	46.4	66.6	25.6	(15.3)	37.6
<b>EBITDA</b>	<b>(30.4)</b>	<b>22.3</b>	<b>130.7</b>	<b>78.4</b>	<b>123.4</b>
Merger related costs (a)	9.6		5.2		
Hedge (gains) losses(b)	11.7	(3.8)	(14.3)	(3.7)	7.5
Equity award expense(c)	0.4	0.4	1.8	2.7	2.4
Restructuring charges(d)		1.0	1.4	102.4	24.5
Loss on extinguishment of debt, net(e)		2.6	2.8	8.2	26.1
Gain on insurance settlement(f)				(52.6)	
Goodwill impairment(g)					10.5
Other items, net(h)	0.8	(2.4)	1.9	4.7	8.4
<b>Adjusted EBITDA(i)</b>	<b>\$ (7.9)</b>	<b>\$ 20.1</b>	<b>\$ 129.5</b>	<b>\$ 140.1</b>	<b>\$ 202.8</b>

- (a) Represents costs incurred in connection with the Merger.  
(b) Represents unrealized (gains) losses on energy-related derivative contracts.  
(c) Represents amortization of non-cash incentive compensation.  
(d) Represents costs associated with the closure of the former Sartell mill in 2012 and the shutdown of three paper machines in 2011.  
(e) Represents net loss related to debt refinancing.  
(f) Represents gain on insurance settlement resulting from the fire at the former Sartell mill.  
(g) Represents impairment of goodwill allocated to the coated paper segment.  
(h) Represents miscellaneous non-cash and other earnings adjustments, including the gains on sales of the former Sartell mill and Verso Fiber Farm LLC in 2013.

- (i) Verso Holdings' historical Adjusted EBITDA is shown before the pro forma effects of our profitability program.
  
- (4) See information under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations" included herein for further discussion of this metric.
- (5) Working capital is defined as current assets net of current liabilities, excluding the current portion of long-term debt.



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**Table of Contents**

**Summary Historical Consolidated Financial Data of NewPage and Predecessor**

The following table presents summary historical financial data for NewPage as of and for the periods presented. The following information is only a summary and should be read in conjunction with NewPage's historical consolidated financial statements and the other financial information included elsewhere in this joint proxy and information statement/prospectus.

The summary historical financial data for the years ended December 31, 2013, 2012 and 2011 have been prepared in accordance with GAAP and have been derived from, and should be read in conjunction with, NewPage's audited consolidated financial statements included elsewhere in this joint proxy and information statement/prospectus.

The summary historical financial data as of and for the three months ended March 31, 2014 and 2013 have been derived from NewPage's unaudited interim condensed consolidated financial statements and, in the opinion of NewPage's management, include all normal recurring adjustments necessary for a fair presentation of the information set forth herein in accordance with GAAP. Interim financial statements are not necessarily indicative of results that may be experienced for the fiscal year or any future reporting period.

On September 7, 2011, NewPage and certain of its U.S. subsidiaries commenced voluntary cases (the Chapter 11 Proceedings) under Chapter 11 of the United States Bankruptcy Code, as amended, in the United States Bankruptcy Court for the District of Delaware (Case Nos. 11-12804 through 11-12817). NewPage and its debtor subsidiaries successfully emerged from the Chapter 11 Proceedings on December 21, 2012.

References to periods on or after December 31, 2012 refer to that of the Successor (as defined below) (the Successor Period) and references to periods prior to December 31, 2012 refer to that of the Predecessor (as defined below) (the Predecessor Period). The results of the Successor Period are not comparable to the results of the Predecessor Period. During the Chapter 11 Proceedings and upon emergence from Chapter 11, NewPage applied the guidance in Financial Accounting Standards Board Accounting Standards Codification 852, Reorganizations (ASC 852), in preparing its consolidated financial statements. This guidance does not change the manner in which financial statements are prepared. However, it requires that the financial statements, for periods during the Chapter 11 Proceedings, distinguish transactions and events that are directly associated with the reorganization from the ongoing operations of the business. Furthermore, in accordance with ASC 852, fresh start accounting was required upon NewPage's emergence from the Chapter 11 Proceedings. NewPage elected to apply fresh start accounting effective December 31, 2012, to coincide with the timing of its normal December accounting period close.

The implementation of the Chapter 11 plan and the application of fresh start accounting materially changed the carrying amounts and classifications reported in the NewPage consolidated financial statements and resulted in it becoming a new entity for financial reporting purposes. Accordingly, the consolidated financial statements for periods prior to December 31, 2012 will not be comparable to NewPage's consolidated financial statements as of December 31, 2012 or for periods subsequent to December 31, 2012. References to Successor or Successor Company refer to NewPage Holdings Inc. on or after December 31, 2012, after giving effect to the implementation of the Chapter 11 plan and the application of fresh start accounting. References to Predecessor or Predecessor Company refer to NewPage Corporation prior to December 31, 2012.

Pursuant to fresh start accounting, all assets and liabilities reflected on the NewPage consolidated balance sheet as of December 31, 2012 were recorded at fair value except for deferred income taxes and pension and other postretirement projected benefit obligations. Except for the impact of the application of fresh start accounting on the carrying values of NewPage's assets and liabilities as of December 31, 2012 and the change in accounting policy for maintenance costs for planned major maintenance shutdowns, the accounting policies adopted by the Successor Company and applied to

the carrying values of its assets and liabilities reflected in its

**Table of Contents**

condensed consolidated balance sheet as of March 31, 2014 and consolidated balance sheet as of December 31, 2013 were consistent with the Predecessor Company's significant accounting policies.

The information should be read in conjunction with NewPage's consolidated financial statements and the related notes thereto and the information under the heading "Index to Financial Statements of NewPage" beginning on page M-1, and the unaudited interim condensed consolidated financial statements and the related notes thereto under the heading "Index to Financial Statements of NewPage Holdings Inc." beginning on page M-1. For additional information about NewPage and its subsidiaries, please see "Information About NewPage" beginning on page 391 and "Where You Can Find More Information" beginning on page 415.

(Dollars in millions)	Successor			Predecessor	
	Three Months Ended March 31, 2014	2013	2013	Year Ended December 31, 2012	2011
<b>Statements of Operations Data:</b>					
Net Sales	\$ 757	\$ 756	\$ 3,054	\$ 3,131	\$ 3,502
Cost of Sales	755	715	2,865	3,015	3,375
Selling, general and administrative expenses	24	41	146	139	145
Interest expense	49	11	47	26	391
Other (income) expense, net					2
Income (loss) before reorganization items and income taxes	(71)	(11)	(4)	(49)	(411)
Reorganization items, net(1)				(1,288)	86
Income (loss) before income taxes	(71)	(11)	(4)	1,239	(497)
Income tax (benefit)			(2)	(19)	1
<b>Net income (loss)</b>	<b>\$ (71)</b>	<b>\$ (11)</b>	<b>\$ (2)</b>	<b>\$ 1,258</b>	<b>\$ (498)</b>

(Dollars in millions)	Successor			
	Three Months Ended March 31, 2014	2013	Year Ended December 31, 2013	2012
<b>Balance Sheet Data (at period end for Successor):</b>				
Cash and cash equivalents	\$ 9	\$ 9	\$ 83	\$ 43
Working capital(2)	450	480	487	441
Property, plant and equipment	1,177	1,284	1,208	1,314
Total assets(3)	2,125	2,195	2,175	2,214
Total debt	785	513	487	490
Total equity	720	802	1,035	813

Successor

Predecessor

(Dollars in millions)	Three Months Ended March 31,		Year Ended December 31,		
	2014	2013	2013	2012	2011
<b>Statements of Cash Flow Data:</b>					
Cash provided by (used for)					
operating activities	\$ (77)	\$ (42)	\$ 116	\$ 3	\$ 87
Cash provided by (used for)					
investing activities	(20)	(14)	(70)	(145)	(94)
Cash provided by (used for)					
financing activities	23	22	(6)	43	139

- (1) Certain expenses, provisions for losses and other charges and credits directly associated with or resulting from the reorganization and restructuring of the business that were realized or incurred in the Chapter 11 Proceedings, including the impact of the implementation of the Chapter 11 plan and the application of fresh start accounting, were recorded in reorganization items, net in the NewPage's consolidated financial statements.

**Table of Contents**

- (2) Working capital is defined as current assets minus current liabilities.
- (3) As part of the application of fresh start accounting, all assets were adjusted to their fair values as of December 31, 2012.

The following table reconciles net income (loss) to EBITDA and Adjusted EBITDA for the years ended December 31, 2013, 2012 and 2011 and the three months ended March 31, 2014 and 2013:

(Dollars in millions)	Successor		Predecessor		
	Three Months Ended Mar. 31, 2014	2013	2013	Year Ended December 31, 2012	2011
Net income (loss)	\$ (71)	\$ (11)	\$ (2)	\$ 1,258	\$ (498)
Interest expense	49	11	47	26	391
Income tax (benefit)			(2)	(19)	1
Depreciation and amortization	46	46	184	242	243
EBITDA(a)	24	46	227	1,507	137
Equity awards	(3)	4	14	1	(1)
(Gain) loss on disposal of assets	1		2	6	11
Non-cash U.S. pension expense				6	12
Integration and related severance costs and other charges		6	14	8	23
Reorganization items, net				(1,288)	86
Post-emergence bankruptcy-related items		3	4		
Pre-petition professional fees					19
Port Hawkesbury operations					37
Merger related costs	2	2	8		
Other	1			(2)	
Adjusted EBITDA(a)(b)	\$ 25	\$ 61	\$ 269	\$ 238	\$ 324

- (a) EBITDA is defined as net income (loss) before interest expense, income taxes, depreciation and amortization. EBITDA and Adjusted EBITDA (as described in the table below) are not measures of NewPage's performance under GAAP, are not intended to represent net income (loss), and should not be used as alternatives to net income (loss) as indicators of performance. EBITDA and Adjusted EBITDA are shown because they are bases upon which NewPage's management assesses performance and are primary components of certain covenants under NewPage's revolving credit facility. In addition, NewPage's management believes EBITDA and Adjusted EBITDA are useful to investors because they and similar measures are frequently used by securities analysts, investors and other interested parties in the evaluation of companies. The use of EBITDA and Adjusted EBITDA instead of net income (loss) has limitations as an analytical tool, and you should not consider them in isolation, or as a substitute for analysis of NewPage's results as reported under GAAP. Some of these limitations are:

EBITDA and Adjusted EBITDA do not reflect NewPage's current cash expenditure requirements, or future requirements, for capital expenditures or contractual commitments;

EBITDA and Adjusted EBITDA do not reflect changes in, or cash requirements for, NewPage's working capital needs;

EBITDA and Adjusted EBITDA do not reflect the interest expense, or the cash requirements necessary to service interest or principal payments, on NewPage's debt;

although depreciation and amortization are non-cash charges, the assets being depreciated and amortized often will have to be replaced in the future, and EBITDA and Adjusted EBITDA do not reflect any cash requirements for such replacements; and

NewPage's measures of EBITDA and Adjusted EBITDA are not necessarily comparable to other similarly titled captions of other companies due to potential inconsistencies in the methods of calculation. Because of these limitations, EBITDA and Adjusted EBITDA should not be considered as discretionary cash available to us to reinvest in the growth of NewPage's business.

- (b) Does not include pro forma effects of NewPage's project cost savings program used in certain covenants under the NewPage credit facilities.

**Table of Contents****Summary Unaudited Pro Forma Condensed Combined Financial Information of Verso**

The following summary unaudited pro forma condensed combined financial information presents the combined historical consolidated statements of operations and consolidated balance sheet data of Verso and NewPage to reflect the Merger. The unaudited pro forma condensed combined balance sheet data gives effect to the Merger as if it had occurred as of the balance sheet date. The unaudited pro forma condensed combined statements of operations give effect to the Merger as if it had occurred as of January 1, 2013.

The summary unaudited pro forma condensed combined financial information should be read in conjunction with Unaudited Pro Forma Condensed Combined Financial Information and the notes thereto included elsewhere in this joint proxy and information statement/prospectus and NewPage's historical consolidated financial statements included elsewhere in this joint proxy and information statement/prospectus, as well as in conjunction with Verso's historical consolidated financial statements included elsewhere in this joint proxy and information statement/prospectus.

	<b>Verso</b>	
	<b>Pro Forma for the Merger Three Months Ended March 31, 2014</b>	<b>Year Ended December 31, 2013</b>
<b>(Dollars in millions)</b>		
<b>Statement of Operations Data:</b>		
<b>Net sales</b>	\$ 1,056.1	\$ 4,442.9
Costs and expenses:		
Cost of products sold (exclusive of depreciation, amortization, and depletion)	1,014.2	3,871.7
Depreciation, amortization, and depletion	71.7	290.0
Selling, general, and administrative expenses	36.9	200.4
Restructuring charges		1.4
Total operating expenses	1,122.8	4,363.5
Other operating income		(4.0)
<b>Operating (loss) income</b>	(66.7)	83.4
Interest income		
Interest expense	68.8	275.2
Other loss, net		2.8
<b>Loss before income taxes</b>	(135.5)	(194.6)
Income tax benefit		(2.6)
<b>Net loss</b>	\$ (135.5)	\$ (192.0)
<b>Balance Sheet Data (at period end):</b>		
Working capital(1)	\$ 584.1	
Property, plant, and equipment, net	1,969.9	
Total assets	3,136.5	
Total debt(3)	2,753.3	

Total equity (deficit)		(438.1)	
<b>Other Financial and Operating Data:</b>			
Pro Forma EBITDA(2)	\$	5.0	\$ 370.6
Pro Forma Adjusted EBITDA(2)		16.9	398.2

(1) Working capital is defined as current assets net of current liabilities, excluding the current portion of long-term debt.



**Table of Contents**

(2) Pro Forma EBITDA reflects historical EBITDA as reported by Verso and NewPage and the pro forma adjustments reflecting the Merger. Pro Forma Adjusted EBITDA reflects historical Adjusted EBITDA as reported by Verso and NewPage and the pro forma adjustments reflecting the Merger.

Pro Forma EBITDA and Pro Forma Adjusted EBITDA are not measurements of financial performance under GAAP. Verso's definitions of EBITDA and Adjusted EBITDA, and the reasons Verso uses these measures, are described in footnotes 2 and 3 under Summary Historical Consolidated Financial Data of Verso and NewPage's definitions of EBITDA and Adjusted EBITDA, and the reasons NewPage uses these measures, are described in footnote (a) under Summary Historical Consolidated Financial Data of NewPage and Predecessor.

The following table reconciles Pro Forma net income (loss) to Pro Forma EBITDA and to Pro Forma Adjusted EBITDA for the periods presented on a pro forma basis giving effect to the Merger:

(Dollars in millions)	Pro Forma for the Merger	
	Three Months Ended March 31, 2014	Year Ended December 31, 2013
<b>Net loss</b>	\$ (135.5)	\$ (192.0)
Interest expense, net	68.8	275.2
Income tax benefit		(2.6)
Depreciation, amortization, and depletion	71.7	290.0
<b>Pro Forma EBITDA</b>	\$ 5.0	\$ 370.6
Pro Forma EBITDA adjustments	11.9	27.6
<b>Pro Forma Adjusted EBITDA</b>	\$ 16.9	\$ 398.2

The following tables reflect the historical EBITDA adjustments as reported by Verso and NewPage and the pro forma adjustments reflecting the Merger:

	Historical		Pro Forma for the Merger
	Verso Three Months Ended March 31, 2014	NewPage Three Months Ended March 31, 2014	Three Months Ended March 31, 2014
EBITDA	\$ (30.4)	\$ 24.0	\$ 5.0
Merger related costs (a)	9.6	2.0	
Hedge (gains) losses	11.7		11.7
Equity award expense	0.4	(3.0)	(2.6)
Other	0.8	1.0	1.8

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(Gain) loss on disposal of assets			1.0	1.0
Total EBITDA adjustments	22.5		1.0	11.9
Adjusted EBITDA (b)	\$ (7.9)	\$	25.0	\$ 16.9

- (a) The Pro Forma EBITDA adjustments exclude Merger Related Cost incurred during the three months ended March 31, 2014 as such costs were removed from the Pro Forma Statement of Operations for the three months ended March 31, 2014. See notes to Pro Forma Statement of Operations for the Pro Forma Adjustment attributable to Merger Related Costs.
- (b) Verso's historical Adjusted EBITDA is shown before the pro forma effects of our profitability program.

**Table of Contents**

	<b>Verso Year Ended December 31, 2013</b>	<b>Historical NewPage Year Ended December 31, 2013</b>	<b>Pro Forma for the Merger  Year Ended December 31, 2013</b>
<b>(Dollars in millions)</b>			
EBITDA	\$ 130.7	\$ 227.0	\$ 370.6
Restructuring charges	1.4		1.4
Loss on extinguishment of debt, net	2.8		2.8
Hedge gains	(14.3)		(14.3)
Equity award expense	1.8	14.0	15.8
Other items, net	1.9		1.9
Loss on disposal of assets.		2.0	2.0
Integration and related severance costs and other charges		14.0	14.0
Post-emergence bankruptcy-related items		4.0	4.0
Merger related costs(a)	5.2	8.0	
<b>Total EBITDA adjustments</b>	<b>(1.2)</b>	<b>42.0</b>	<b>27.6</b>
Adjusted EBITDA(b)	\$ 129.5	\$ 269.0	\$ 398.2

- (a) The Pro Forma EBITDA Adjustments exclude Merger Related Costs incurred as of December 31, 2013 as such costs were removed from the Pro Forma Statement of Operations as of December 31, 2013. See notes to Pro Forma Statement of Operations for the Pro Forma Adjustment attributable to Merger Related Costs incurred as of December 31, 2013.
- (b) Verso's historical Adjusted EBITDA is shown before the pro forma effects of our profitability program.
- (3) Pursuant to the Exchange Offers, the principal amount of debt will be reduced, but under GAAP no reduction will be reflected on our balance sheet. Instead, the reduction will accrue over time as a reduction to interest expense.

**Table of Contents****Summary Unaudited Pro Forma Condensed Combined Financial Information of Verso Holdings**

The following summary unaudited pro forma condensed combined financial information presents the combined historical consolidated statements of operations and consolidated balance sheet data of Verso Holdings and NewPage to reflect the Merger. The unaudited pro forma condensed combined balance sheet data gives effect to the Merger as if it had occurred as of the balance sheet date. The unaudited pro forma condensed combined statements of operations give effect to the Merger as if it had occurred as of January 1, 2013.

The summary unaudited pro forma condensed combined financial information should be read in conjunction with Unaudited Pro Forma Condensed Combined Financial Information and the notes thereto included elsewhere in this joint proxy and information statement/prospectus and NewPage's historical consolidated financial statements included elsewhere in this joint proxy and information statement/prospectus, as well as in conjunction with Verso Holdings historical consolidated financial statements included in this joint proxy and information statement/prospectus, and the other financial information included elsewhere in this joint proxy and information statement/prospectus.

	<b>Verso Holdings</b>	
	<b>Pro Forma for the Merger</b>	
	<b>Three Months</b>	
	<b>Ended</b>	<b>Year Ended</b>
	<b>March 31,</b>	<b>December 31,</b>
	<b>2014</b>	<b>2013</b>
<b>(Dollars in millions)</b>		
<b>Statement of Operations Data:</b>		
<b>Net sales</b>	\$ 1,056.1	\$ 4,442.9
Costs and expenses:		
Cost of products sold (exclusive of depreciation, amortization, and depletion)	1,014.2	3,871.7
Depreciation, amortization, and depletion	71.7	290.0
Selling, general, and administrative expenses	36.9	200.4
Restructuring charges		1.4
Total operating expenses	1,122.8	4,363.5
Other operating income		(4.0)
<b>Operating (loss) income</b>	(66.7)	83.4
Interest income	(0.4)	(1.5)
Interest expense	69.2	276.0
Other loss, net		2.8
<b>Loss before income taxes</b>	(135.5)	(193.9)
Income tax benefit		(2.0)
<b>Net loss</b>	\$ (135.5)	\$ (191.9)
<b>Balance Sheet Data (at period end):</b>		
Working capital(1)	\$ 584.1	
Property, plant, and equipment, net	1,969.9	
Total assets	3,159.9	

Total debt(3)	2,776.7		
Total equity (deficit)	(431.9)		
<b>Other Financial and Operating Data:</b>			
Pro Forma EBITDA(2)	\$ 5.0	\$	370.6
Pro Forma Adjusted EBITDA(2)	16.9		398.2

(1) Working capital is defined as current assets net of current liabilities, excluding the current portion of long-term debt.

**Table of Contents**

- (2) Pro Forma EBITDA reflects historical EBITDA as reported by Verso Holdings and NewPage and the pro forma adjustments reflecting the Merger. Pro Forma Adjusted EBITDA reflects historical Adjusted EBITDA as reported by Verso Holdings and NewPage and the pro forma adjustments reflecting the Merger. Verso Holdings Pro Forma Adjusted EBITDA is shown before the pro forma effects of our profitability program.

Pro Forma EBITDA and Pro Forma Adjusted EBITDA are not measurements of financial performance under GAAP. Verso Holdings' definitions of EBITDA and Adjusted EBITDA, and the reasons Verso Holdings uses these measures, are described in footnotes 2 and 3 under Summary Historical Consolidated Financial Data of Verso Holdings and NewPage's definitions of EBITDA and Adjusted EBITDA, and the reasons NewPage uses these measures, are described in footnote (a) under Summary Historical Consolidated Financial Data of NewPage and Predecessor.

The following table reconciles Pro Forma net income (loss) to Pro Forma EBITDA and to Pro Forma Adjusted EBITDA for the periods presented on a pro forma basis giving effect to the Merger:

(Dollars in millions)	Pro Forma for the Merger	
	Three Months Ended March 31, 2014	Year Ended December 31, 2013
<b>Net loss</b>	\$ (135.5)	\$ (191.9)
Interest expense, net	68.8	274.5
Income tax benefit		(2.0)
Depreciation, amortization, and depletion	71.7	290.0
<b>Pro Forma EBITDA</b>	\$ 5.0	\$ 370.6
Pro Forma EBITDA adjustments	11.9	27.6
<b>Pro Forma Adjusted EBITDA</b>	\$ 16.9	\$ 398.2

The following tables reflect the historical EBITDA adjustments as reported by Verso Holdings and NewPage and the pro forma adjustments reflecting the Merger:

	Historical		Pro Forma for the Merger Three Months Ended March 31, 2014
	Verso Holdings Three Months Ended March 31, 2014	NewPage Three Months Ended March 31, 2014	
EBITDA	\$ (30.4)	\$ 24.0	\$ 5.0
Merger related costs(a)	9.6	2.0	

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Hedge (gains) losses	11.7		11.7
Equity award expense	0.4	(3.0)	(2.6)
Other	0.8	1.0	1.8
(Gain) loss on disposal of assets.		1.0	1.0
<b>Total EBITDA adjustments</b>	<b>22.5</b>	<b>1.0</b>	<b>11.9</b>
Adjusted EBITDA(b)	\$ (7.9)	\$ 25.0	\$ 16.9

- (a) The Pro Forma EBITDA adjustments exclude Merger Related Cost incurred during the three months ended March 31, 2014 as such costs were removed from the Pro Forma Statement of Operations for the three months ended March 31, 2014. See notes to Pro Forma Statement of Operations for the Pro Forma Adjustment attributable to Merger Related Costs.
- (b) Verso Holdings historical Adjusted EBITDA is shown before the pro forma effects of our profitability program.

**Table of Contents**

	Historical		Pro Forma for the Merger
	Verso Holdings Year Ended December 31, 2013	NewPage Year Ended December 31, 2013	
<b>(Dollars in millions)</b>			
EBITDA	\$ 130.7	\$ 227.0	\$ 370.6
Restructuring charges	1.4		1.4
Loss on extinguishment of debt, net	2.8		2.8
Hedge gains	(14.3)		(14.3)
Equity award expense	1.8	14.0	15.8
Other items, net	1.9		1.9
Loss on disposal of assets.		2.0	2.0
Integration and related severance costs and other charges		14.0	14.0
Post-emergence bankruptcy-related items		4.0	4.0
Merger related costs(a)	5.2	8.0	
<b>Total EBITDA adjustments</b>	<b>(1.2)</b>	<b>42.0</b>	<b>27.6</b>
Adjusted EBITDA(b)	\$ 129.5	\$ 269.0	\$ 398.2

- (a) The Pro Forma EBITDA Adjustments exclude Merger Related Costs incurred as of December 31, 2013 as such costs were removed from the Pro Forma Statement of Operations as of December 31, 2013. See notes to Pro Forma Statement of Operations for the Pro Forma Adjustment attributable to Merger Related Costs incurred as of December 31, 2013.
- (b) Verso Holdings historical Adjusted EBITDA is shown before the pro forma effects of our profitability program.
- (3) Pursuant to the Exchange Offers, the principal amount of debt will be reduced, but under GAAP no reduction will be reflected on our balance sheet. Instead, the reduction will accrue over time as a reduction to interest expense.



**Table of Contents****COMPARATIVE PER SHARE DATA**

The following table shows, for the year ended December 31, 2013, and the three months ended March 31, 2014, historical and pro forma equivalent per share data for NewPage common stock and historical and pro forma combined per share data for Verso common stock. The information in the table is derived from Verso's historical consolidated financial statements included herein and NewPage's historical consolidated financial information included herein, as well as the unaudited pro forma condensed combined financial information included elsewhere herein.

The pro forma equivalent information shows the effect of the Merger from the perspective of an owner of NewPage common stock. The information was computed by multiplying the pro forma combined net loss per share for the three months ended March 31, 2014, and the year ended December 31, 2013 and the pro forma combined book value per share as of March 31, 2014 by the ratio 2.03 of the total number of shares of Verso common stock to be issued as part of the merger consideration, which we have assumed to be 14,413,601 shares, to the number of outstanding NewPage shares as of March 31, 2014, and December 31, 2013 (7,092,477 and 7,087,239 shares, respectively). The actual number of shares of Verso common stock to be issued as part of the Merger Consideration depends on the number of outstanding shares of Verso common stock at the closing of the offering and is subject to certain adjustments. See Merger Agreement Merger Consideration. These computations exclude any potential benefit to NewPage's stockholders from receiving any amount of cash or New First Lien Notes as components of the Transaction Consideration.

The pro forma combined data below is presented for illustrative purposes only. The pro forma adjustments to the statement of income data are based on the assumption that the Merger was completed on January 1, 2013, and the pro forma adjustments to the balance sheet data are based on the assumption that the Merger was completed on March 31, 2014.

Either company's actual historical financial condition and results of operations may have been different had the companies always been combined. You should not rely on this information as being indicative of the historical financial condition and results of operations that would have actually been achieved or of the future results of Verso after the completion of the Merger.

You should read the information below together with the historical consolidated financial statements and related notes of each of Verso and NewPage, which are included elsewhere in this joint proxy and information statement/prospectus, and with the information under the heading Unaudited Pro Forma Condensed Combined Financial Information beginning on page 101.

	NewPage Common Stock		Verso Common Stock	
	Historical	Pro Forma Equivalent	Historical	Pro Forma Combined
<b>Net Income (Loss) Per Share</b>				
Basic:				
Three Months Ended March 31, 2014	\$ (10.01)	\$ (3.19)	\$ (1.70)	\$ (1.57)
Year Ended December 31, 2013	\$ (0.27)	\$ (4.53)	\$ (2.09)	\$ (2.22)
Diluted:				
Three Months Ended March 31, 2014	\$ (10.01)	\$ (3.19)	\$ (1.70)	\$ (1.57)
Year Ended December 31, 2013	\$ (0.27)	\$ (4.53)	\$ (2.09)	\$ (2.22)

**Book Value Per Share**

March 31, 2014	\$ 101.52	\$ (10.30)	\$ (9.51)	\$ (5.07)
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**Cash Dividends**

Three Months Ended March 31, 2014	\$ 34.35	\$	\$	\$
Year Ended December 31, 2013	\$	\$	\$	\$

**Table of Contents****MARKET PRICE AND DIVIDEND INFORMATION**

Verso's common stock is listed for trading on the New York Stock Exchange under the trading symbol VRS. The following table sets forth, for the periods indicated, the high and low sales prices per share of Verso's common stock on the New York Stock Exchange Composite Transactions Tape. For current price information, you are urged to consult publicly available sources.

	<b>Verso Common Stock</b>	
	<b>High</b>	<b>Low</b>
<b>YEAR ENDED DECEMBER 31, 2011</b>		
Quarter ended March 31, 2011	\$ 6.37	\$ 3.43
Quarter ended June 30, 2011	5.44	2.51
Quarter ended September 30, 2011	3.16	1.65
Quarter ended December 31, 2011	1.95	0.85
<b>YEAR ENDED DECEMBER 31, 2012</b>		
Quarter ended March 31, 2012	3.36	0.91
Quarter ended June 30, 2012	2.05	1.03
Quarter ended September 30, 2012	2.38	1.16
Quarter ended December 31, 2012	1.70	0.99
<b>YEAR ENDED DECEMBER 31, 2013</b>		
Quarter ended March 31, 2013	1.68	0.98
Quarter ended June 30, 2013	1.39	1.03
Quarter ended September 30, 2013	1.15	0.61
Quarter ended December 31, 2013	0.92	0.52
QUARTER ENDED MARCH 31, 2014	5.55	0.62
QUARTER ENDED JUNE 30, 2014	3.24	1.60

The closing sale price of Verso common stock as of July 25, 2014 was \$3.20 per share.

Because there is no established trading market for shares of any class of NewPage capital stock, information with respect to the market prices of NewPage stock has been omitted.

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**Table of Contents**

**RISK FACTORS**

*In addition to the information included in this joint proxy and information statement/prospectus, you should carefully read and consider the following risk factors in evaluating the proposals to be voted on at the Verso special meeting. If the conditions to the completion of the Merger are satisfied or waived, and the Merger is completed, holders of NewPage common stock will become holders of Verso common stock and the New First Lien Notes and will be subject to the risks and uncertainties of holders thereof.*

**Risks Relating to the Merger**

***Because the New First Lien Notes are valued at face value upon issuance but could trade at, above, or below par value at the closing of the Merger, NewPage stockholders cannot be sure of the precise value of the Merger Consideration they will receive.***

Under the terms of the Merger Agreement, stockholders of NewPage will receive, among other forms of consideration, \$650 million aggregate principal amount of New First Lien Notes (valued at face value) to be issued at closing. The market value of the New First Lien Notes is subject to market conditions and fluctuations and could decrease post-closing if, among other reasons, Verso and its subsidiaries (including the Surviving Corporation) perform poorly, fail to achieve synergies from the Merger or become insolvent, or if Verso incurs incremental debt that ranks pari passu with the New First Lien Notes to the extent permitted under its debt instruments. Additionally, sales of Verso's Existing First Lien Notes after the closing of the Merger may cause the market price of Verso's Existing First Lien Notes and the New First Lien Notes to fall. Although Apollo and its affiliates will be subject to a lock-up agreement that will restrict them from buying or selling any existing debt or equity securities of Verso during the period between signing and closing, after the closing of the Merger, holders of Verso's debt and equity securities (including Apollo and its affiliates) will be able to trade such securities freely. In light of these uncertainties, NewPage stockholders will not be able to calculate the precise value of the consideration that they will receive in connection with the Merger. Many of these factors, moreover, are largely beyond the parties' control and could negatively impact the value of the consideration NewPage stockholders will receive.

***Because the Verso common stock is subject to market fluctuations, NewPage stockholders cannot be sure of the precise value of the Merger Consideration they will receive.***

Verso common stock is currently listed and traded on the NYSE and is subject to market price fluctuations common to all publicly-traded securities. The price of the Verso common stock may be volatile and subject to wide fluctuations, and the trading volume of Verso common stock may fluctuate and cause significant price variations to occur. In addition, the stock market in general can experience considerable price and volume fluctuations that may be unrelated to the combined company's operating performance. Some of the factors that could cause fluctuations in the stock price or trading volume of the Verso common stock include:

general market and economic conditions, including market conditions in the pulp, paper and packaging industry;

actual or expected variations in quarterly results of operations;

differences between actual results of operations and those expected by investors and securities analysts;

changes in recommendations by securities analysts;

operations and stock performance of industry participants;

changes in Verso's capital structure;

accounting charges, including charges relating to the impairment of long-lived assets, including goodwill;

significant acquisitions or strategic alliances by the combined company or by competitors;

**Table of Contents**

sales of Verso's common stock, including sales by Verso's directors and officers or significant investors;

historical light trading volume with respect to Verso common stock;

recruitment or departure of key personnel; and

early termination of client or supplier agreements or loss of clients or relationships with suppliers.

Additionally, a substantial number of shares, relative to the total shares of Verso common stock held by the public, of Verso common stock will be held by a small number of stockholders, including the Verso Stockholder (see Ancillary Agreements Entered Into In Connection With The Merger Agreement Verso Stockholder's Voting Agreement ). A decision by one or more of these stockholders to sell or potentially sell a substantial number of shares of Verso common stock in the public market could depress the market price of Verso common stock and could impair the ability of the combined company to raise capital through the sale of additional securities. Although Apollo and its affiliates will be subject to a lock-up agreement that will restrict them from buying or selling any existing debt or equity securities of Verso during the period between signing and closing, after the closing of the Merger, holders of Verso's debt and equity securities (including Apollo and its affiliates) will be able to trade such securities freely. In light of these uncertainties, NewPage stockholders will not be able to calculate the precise value of the consideration that they will receive in connection with the Merger.

***NewPage stockholders will have a reduced ownership and voting interest in Verso after the Merger relative to their current ownership and voting interest in NewPage and, as a result, will be able to exert less influence over management.***

Following the Merger, each NewPage stockholder will become a stockholder of Verso with a percentage ownership of Verso after the Merger that is smaller than the stockholder's percentage ownership of NewPage. It is expected that the former stockholders of NewPage as a group will own approximately 17% of the outstanding shares of Verso common stock immediately after the completion of the Merger. See The Merger Agreement Transaction Consideration for more details. Accordingly, NewPage stockholders will have substantially less influence on the management and policies of Verso after the Merger than they now have with respect to the management and policies of NewPage.

***Covenants in the Merger Agreement place certain restrictions on NewPage's conduct of its business prior to the closing of the Merger without Verso's consent. The announcement of the Merger Agreement and pendency of the Merger could have an adverse effect on NewPage's businesses, financial conditions, results of operations or business prospects.***

The Merger Agreement restricts NewPage from taking certain specified actions without Verso's consent while the Merger is pending, which could be for longer than one year given the End Date. These restrictions, combined with the additional \$250 million of debt that NewPage incurred in connection with the NewPage Term Loan Facility, may prevent NewPage from pursuing otherwise attractive business opportunities or other capital structure alternatives and making other changes to its business or executing certain of its business strategies prior to the closing of the Merger. In addition, the announcement of the Merger Agreement and pendency of the Merger could have an adverse effect on NewPage's ability to retain, recruit and motivate key personnel and could impact NewPage's relationships with its customers and suppliers.

Some of the directors and executive officers of NewPage have interests in the Merger that are different from, or are in addition to, the interests of NewPage's stockholders generally. These interests may create potential conflicts of interest. These interests may include positions as directors of the combined company, potential payment or accelerated vesting of or distribution of rights or benefits under certain of their respective compensation and benefit plans as a result of the Merger, potential severance and other benefit payments in the event of termination of employment in connection with the Merger, and the right to continued indemnification and insurance coverage by the combined company for acts or omissions occurring prior to the closing of the

**Table of Contents**

Merger. See The Merger Interests of NewPage Directors and Executive Officers in the Merger beginning on page 245 and The Merger Agreement Indemnification; Directors and Officers and Fiduciary Liability Insurance beginning on page 279 of this joint proxy and information statement/prospectus.

***The parties may be unable to satisfy the conditions to the completion of the Merger and the Merger may not be completed.***

The closing of the Merger is subject to the satisfaction or waiver of certain conditions, many of which are beyond the control of NewPage and some beyond the control of both Verso and NewPage. Completion of the Merger is conditioned on, among other conditions, the approval of the issuance of shares of Verso common stock as part of the Merger Consideration by the Verso stockholders, the expiration or termination of the applicable waiting period under the HSR Act and receipt of other regulatory approvals, the absence of any injunction or judgment that prohibits the completion of the Merger and the completion of the Exchange Offer Transactions. Each party's obligation to close the Merger is also subject to, among other conditions, the accuracy of the representations and warranties of the other party in the Merger Agreement (subject to certain specified standards of materiality), the compliance in all material respects with covenants of the other party in the Merger Agreement and the absence of a material adverse effect on the other party. These and other conditions to the completion of the Merger may fail to be satisfied, and satisfying the conditions to and completion of the Merger may take longer, and could cost more, than Verso and NewPage expect.

In addition, under certain circumstances, either NewPage or Verso may terminate the Merger Agreement if the Merger has not closed on or prior to December 31, 2014, unless extended pursuant to the Merger Agreement.

***The failure to obtain required regulatory approvals in a timely manner or any materially burdensome conditions contained in any regulatory approvals could delay or prevent completion of the Merger and diminish the anticipated benefits of the Merger.***

Completion of the Merger is conditional upon the receipt of certain regulatory approvals, including, but not limited to, the expiration or termination of the applicable waiting periods under the HSR Act.

Verso and NewPage have filed required antitrust documents relating to the Merger under the HSR Act with the Federal Trade Commission (the "FTC") and the Department of Justice (the "DOJ"). Although Verso and NewPage have agreed in the Merger Agreement to use their reasonable best efforts to obtain the requisite regulatory approvals, there can be no assurance that the expiration or termination of the applicable waiting period under the HSR Act will be obtained in a timely manner, or at all. The requirement to receive such expiration or termination before the closing of the Merger could delay the consummation of the Merger. In addition, at any time before or after completion of the Merger, the DOJ, the FTC or any state or other non-U.S. competition authority could take such action under applicable laws as it deems necessary or desirable in the public interest, including seeking to enjoin completion of the Merger, rescind the Merger or seek divestiture of particular assets of Verso or NewPage. Any delay in completing the Merger, or any additional conditions imposed in order to complete the Merger, may adversely affect the synergies and other benefits that Verso expects to achieve if the Merger and the integration of the companies' respective businesses are completed within the expected timeframe and could result in additional transaction costs, loss of revenue or other effects associated with uncertainty about the Merger. Any uncertainty over the ability to complete the Merger could make it more difficult for Verso to retain key employees or to pursue business strategies. Similarly, the governmental authorities from which these approvals are required may impose conditions on the completion of the Merger or require changes to the terms of the Merger. Additionally, if Verso is required to take any action to resolve an antitrust challenge that would reasonably be expected to materially affect its business, it will not be obligated to close the Merger, or, if Verso remains required to close the Merger, its business and results of Verso's operations may be adversely affected.





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**Table of Contents**

***The closing of the Merger is subject to the completion of the Exchange Offer Transactions.***

If Verso is not able to obtain the Verso Junior Noteholder Consent or consummate the Exchange Offer Transactions, the Merger may not close. The willingness of the holders of the Old Second Lien Notes and Old Subordinated Notes to reduce the aggregate principal amount of the Old Second Lien Notes and Old Subordinated Notes in the Exchange Offers may depend in part on the holders' assessment of the impact of the completion of the Merger on the trading value of Old Second Lien Notes and Old Subordinated Notes.

As of the date of this joint proxy and information statement/prospectus, Verso has not obtained the Verso Junior Noteholder Consent or consummated the Exchange Offer Transactions, and Verso may not be able to obtain the Verso Junior Noteholder Consent or consummate the Exchange Offer Transactions, in which case the Merger may not close.

***The Merger is expected to result in an ownership change for NewPage under Section 382 of the Code, potentially limiting the use of NewPage's net operating loss carryforwards in future taxable years of the combined company.***

As of December 31, 2013, NewPage had approximately \$788 million of net operating loss carryforwards for U.S. federal income tax purposes. As of December 31, 2013, Verso had approximately \$1,112.2 million of net operating loss carryforwards for U.S. federal income tax purposes. Under Sections 382 and 383 of the Code, if a corporation undergoes an ownership change, the corporation's ability to use its pre-change net operating loss carryforwards and other pre-change tax attributes, such as research tax credits, to offset its post-change income and taxes may be limited. In general, an ownership change generally occurs if there is a cumulative change in ownership by 5-percent shareholders that exceeds 50 percentage points over a rolling three-year period. The Merger is expected to result in an ownership change under Section 382 of the Code for NewPage, potentially limiting the use of NewPage's net operating loss carryforwards in future taxable years of the combined company. Although not free from doubt, the Merger is not expected to result in an ownership change under Section 382 of the Code for Verso, but an ownership change of Verso may occur in the future as a result of future transactions in Verso's stock, some of which may be outside its control. These limitations may affect the timing of when these net operating loss carryforwards can be used which, in turn, may impact the timing of when cash is used to pay the taxes of the combined company.

***Certain NewPage stockholders may exercise appraisal rights under Section 262 of the DGCL, and if appraisal rights are exercised with respect to more than 7% of shares of NewPage common equity, the Merger may not close. If there are NewPage stockholders that successfully exercise their appraisal rights, the Surviving Corporation will be responsible for the resulting cash payment obligation.***

Although NewPage stockholders who owned approximately 61% of the voting power of NewPage common stock on January 3, 2014 have entered into the Support Agreements with NewPage and Verso agreeing to waive their appraisal rights (see Ancillary Agreements Entered Into In Connection With The Merger Agreement NewPage Stockholders Support Agreements ), under the Merger Agreement, the closing of the Merger is subject to the condition that NewPage stockholders who have not voted in favor of the Merger, have properly exercised their appraisal rights under Delaware law and who have not withdrawn their request for appraisal rights, shall not hold more than 7% of NewPage's then issued and outstanding common stock.

Additionally, if there are NewPage stockholders who exercise their appraisal rights and complete the process required by the DGCL, the Surviving Corporation will be obligated to pay such stockholders the pre-Merger cash value of their NewPage stock as determined by the Delaware Court of Chancery.

On July 11, 2014, NewPage sent its notice of appraisal to its stockholders entitled to rights of appraisal.



**Table of Contents**

***Failure to complete the Merger could negatively impact the future business and financial results of NewPage and its value as a standalone company.***

If the Merger is not completed for any reason, the ongoing business of NewPage may be adversely affected and, without realizing any of the benefits of having completed the Merger, NewPage will be subject to a number of risks, including, but not limited to, the following:

the additional \$250 million of debt that NewPage incurred in connection with the NewPage Term Loan Facility may prevent NewPage from pursuing otherwise attractive business opportunities or other capital structure alternatives and making other changes to its business prior to the closing or the termination of the Merger Agreement;

NewPage may be required to pay Verso a termination fee of \$27 million if the Merger Agreement is terminated under certain circumstances (See, The Merger Agreement Termination Fees beginning on page 283 of this joint proxy and information statement/prospectus);

NewPage may be required to pay certain costs relating to the Merger, even if the Merger is not completed, such as legal, accounting, financial advisor, consultant and printing fees; and

matters relating to the Merger (including integration planning) may require substantial commitments of time and resources by NewPage management, whether or not the Merger is completed, which could otherwise have been devoted to other opportunities that may have been beneficial to NewPage as an independent company.

These factors could affect the prospects of NewPage as a standalone entity, demand for NewPage common stock and the valuation of NewPage as a standalone entity.

***The Merger Agreement contains provisions that limit NewPage's ability to pursue alternatives to the Merger, which could discourage a potential acquirer of NewPage from making an alternative transaction proposal or could result in a competing proposal being at a lower price than it might otherwise be and, in certain circumstances, could require NewPage to pay Verso a significant termination fee.***

The Merger Agreement contains provisions that make it more difficult for NewPage to sell its business to a party other than Verso. These provisions include the general prohibition on NewPage taking certain actions that might lead to or otherwise facilitate a proposal by a third party for an alternative transaction and the requirement that NewPage pay Verso a termination fee of \$27 million if the Merger Agreement is terminated in specified circumstances, including if the Merger Agreement is terminated as a result of NewPage entering into an agreement for an alternative transaction. See, The Merger Agreement Termination Fees beginning on page 283 of this joint proxy and information statement/prospectus.

These provisions might discourage a third party that might have an interest in acquiring all or a significant part of the stock, properties or assets of NewPage from considering or proposing that acquisition, even if that party were prepared to pay consideration to NewPage's stockholders with a higher per share value than the Merger Consideration.



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**Table of Contents**

***If the Merger Agreement is terminated, the failure of the Merger could have an adverse effect on NewPage's ability to conduct a successful initial public offering.***

Pursuant to Section 7.1(a) of the Stockholders Agreement, NewPage is required to file, and thereafter to use its best efforts to cause to be declared effective as promptly as practicable, a registration statement on Form S-1 (the Registration Statement) with a view towards completing an initial public offering of its common stock prior to or on December 21, 2014. During the pendency of the Merger, NewPage's board of directors and management will not devote significant resources or attention to evaluating the alternative of operating NewPage on a stand-alone basis, both with and without a dividend recapitalization, with the view towards consummating an initial public offering of NewPage's common stock in the near future. Pendency of the Merger could significantly distract management and employees from operating NewPage's business and could adversely affect business performance and the ability to identify and pursue other opportunities that may have been beneficial to NewPage as an independent company. Additionally, a failed merger could adversely affect both prospects of an initial public offering and subsequent trading value of the shares of NewPage common stock.

***NewPage has replaced its former credit facilities with the new facilities contemplated by the Merger Agreement, which may remain in effect even if the Merger does not close.***

The terms and conditions of the NewPage Term Loan Facility and NewPage ABL Facility are less favorable to NewPage than its prior facilities and could be less favorable to NewPage than other facilities that NewPage may have been able to obtain if NewPage were seeking replacement facilities in the absence of the Merger, and it may not be possible for NewPage to replace the NewPage Term Loan Facility or NewPage ABL Facility in a cost effective manner if the Merger does not close. As a result of the replacement of NewPage's former \$500 million term loan with the NewPage Term Loan Facility, NewPage has an increased debt level, which could make it more difficult or expensive to obtain any necessary future financing for capital expenditures or other purposes. Although the definitive documentation with respect to the NewPage Term Loan Facility permits NewPage to refinance the NewPage Term Loan Facility under certain circumstances with (a) one or more new term facilities or (b) one or more additional series of senior unsecured notes or loans or senior secured notes, in the event that NewPage wishes to refinance the NewPage Term Loan Facility, it might not be able to obtain refinancing indebtedness on favorable terms or at all, and NewPage will have already paid the fees associated with the incurrence of the NewPage Term Loan Facility. Additionally, any such refinancing occurring more than 30 calendar days after the termination of the Merger Agreement in accordance with its terms and prior to the three year anniversary of the NewPage Term Loan Facility may be subject to a prepayment premium if the refinancing results in a lower yield than under the NewPage Term Loan Facility.

***If the Merger Agreement is terminated, the ability of each of NewPage and Verso to seek money damages from the other party is limited to \$27 million.***

NewPage and Verso can seek money damages from each other only up to an aggregate amount of \$27 million (which may not be paid in addition to a termination fee) under the Merger Agreement and the ancillary agreements and only if (a) the Merger Agreement has been terminated and (b) the other party's breach of the Merger Agreement was willful and material. Therefore, if either party willfully and materially breaches the Merger Agreement or any of the ancillary agreements in a way that causes the other party to incur more than \$27 million of losses (including potentially by refusing to consummate the Merger when such party would otherwise be required to do so), the other party will not be able to recover the full amount of its losses (though such party may have the ability to obtain a court order for specific performance, forcing the breaching party to comply with its obligations). Additionally, neither party may seek money damages if the other party's breach was not willful and material, even if the non-breaching party incurs substantial losses as a result of the breach, although this requirement that a breach be willful and material does not apply for

Verso or NewPage, as applicable, to recover the termination fee.

**Table of Contents**

***Any delay in completing the Merger may substantially reduce the benefits that Verso and NewPage expect to obtain from the Merger.***

In addition to obtaining the approval of the stockholders of each of NewPage and Verso for the consummation of the Merger and issuance of shares of Verso common stock, respectively, the Merger is subject to a number of other conditions beyond the control of NewPage and Verso that may prevent, delay, or otherwise materially and adversely affect its completion. Verso and NewPage cannot predict whether or when certain of the conditions required to complete the Merger will be satisfied, and satisfying the conditions to the Merger could take longer than (and cost more than) Verso and NewPage expect and delay the effective time of the Merger for a significant period of time or prevent it from occurring. Any delay in completing the Merger, or any additional conditions imposed in order to complete the Merger, may materially and adversely affect the synergies and other benefits that Verso and NewPage expect to achieve if the Merger and the integration of the companies' respective businesses are not completed within the expected timeframe and could result in additional transaction costs, loss of revenue or other effects associated with uncertainty about the Merger.

***Verso and NewPage will incur significant costs in connection with the Merger and the integration of Verso and NewPage into a combined company, including legal, accounting, financial advisory and other costs.***

Verso and NewPage have incurred, and expect to continue to incur, significant costs in connection with the Merger, including the fees of their respective professional advisors. Verso also will incur integration and restructuring costs following the completion of the Merger as its operations are integrated with NewPage's operations. While Verso's management believes that the synergies are achievable, the synergies anticipated to arise from the Merger may not be achieved within the time frame expected or at all, and if achieved, may not be sufficient to offset the costs associated with the Merger. Unanticipated costs, or the failure to achieve expected synergies, may have an adverse impact on the results of operations of the combined company following the completion of the Merger.

The integration process will be complex, costly and time-consuming, and there can be no assurance that the integration efforts will be successful. The difficulties of integrating the businesses may include:

employee redeployment, relocation or severance;

failure to retain key employees, which might adversely affect operations and the ability to retain other employees;

integration of manufacturing, logistics, information, communications, and other systems;

combination of research and development teams and processes;

failure to retain customers or arrangements with suppliers; and

other unanticipated issues, expenses and liabilities.



***Integrating Verso's business with that of NewPage may divert the attention of management away from operations.***

The integration of Verso's and NewPage's operations, products and personnel may place a significant burden on management and other internal resources. Matters related to the Merger may require commitments of time and resources that could otherwise have been devoted to other opportunities that might have been beneficial to Verso or NewPage. The diversion of management's attention, and any difficulties encountered in the transition and integration process, could harm the combined company's business, financial conditions and operating results.

***As a result of the Merger, the combined company may not be able to retain key personnel or recruit additional qualified personnel, which could materially affect its business and require the incurrence of substantial additional costs to recruit replacement personnel.***

Verso and NewPage are highly dependent on the continuing efforts of their senior management team and other key personnel. As a result of the Merger, current and prospective employees could experience uncertainty

## **Table of Contents**

about their future roles. This uncertainty may adversely affect the combined company's ability to attract and retain key management, sales, marketing and technical personnel. Any failure to attract and retain key personnel could have a material adverse effect on the combined company's business after consummation of the Merger.

***If Verso or NewPage fails to obtain all required consents and waivers, third parties may terminate or alter existing contracts.***

Certain agreements with suppliers, customers, licensors or other business partners require Verso or NewPage to obtain the approval or waiver of these other parties in connection with the Merger. Verso and NewPage have agreed to use reasonable best efforts to secure the necessary approvals and waivers. However, there is no assurance that Verso and/or NewPage will be able to obtain all of the necessary approvals and waivers, and failure to do so could have a material adverse effect on the combined company's business after the Merger.

Additionally, under certain of NewPage's servicing contracts, leases and debt obligations, the Merger will constitute a change in control, and, therefore, the counterparty may exercise certain rights under the applicable agreement upon the closing of the Merger. Any such counterparty may request modifications of the applicable agreements as a condition to granting a waiver or consent under such agreement. There is no assurance that such counterparties will not exercise their rights under the agreements, including termination rights where available, that the exercise of any such rights will not result in a material adverse effect or that any modifications of such agreements will not result in a material adverse effect.

***General customer uncertainty related to the Merger could harm Verso.***

Verso's and NewPage's customers may, in response to the consummation of the Merger, delay or defer purchasing decisions. If customers delay or defer purchasing decisions, the combined company's revenues could materially decline or any anticipated increases in revenue could be lower than expected.

***The combined company may not realize the anticipated benefits of the Merger.***

The rationale for the Merger is, in large part, predicated on the ability to realize cost savings through the combination of the two companies. Achieving these cost savings is dependent upon a number of factors, many of which are beyond the combined company's control. An inability to realize the full extent of, or any of, the anticipated benefits of the Merger, as well as any delays encountered in the transition process, could have an adverse effect upon the revenues, level of expenses, operating results and financial condition of the combined company.

The Merger involves the integration of two companies that have previously operated independently. The success of the Merger will depend, in large part, on the ability to realize the synergies expected to be produced from integrating NewPage's businesses with Verso's existing business. Although Verso has identified approximately \$175 million of pre-tax annualized synergies that are expected to be realized during the first 18 months after the consummation of the Merger, there can be no assurance as to when or the extent to which the combined company will be able to realize these increased revenues, cost savings or other benefits. Integration may also be difficult, unpredictable, and subject to delay because of possible company culture conflicts and different opinions on technical decisions and product roadmaps. The combined company must integrate or, in some cases, replace, numerous systems, including those involving management information, purchasing, accounting and finance, sales, billing, employee benefits, payroll and regulatory compliance, many of which are dissimilar. In some instances, Verso and NewPage have served the same customers, and some customers may decide that it is desirable to have additional or different suppliers. Such difficulties associated with integration, among others, could have a material adverse effect on the combined company's business.



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**Table of Contents**

***The combined company's operating results after the Merger may materially differ from the pro forma information presented in this joint proxy and information statement/prospectus.***

The combined company's operating results after the Merger may be materially different from those shown in the pro forma information, which represents only a combination of Verso's historical results with those of NewPage. The assumptions contained herein are based on Verso's current estimates, but they involve risks, uncertainties, projections and other factors that may cause actual results, performance or achievements after the Merger to be materially different from any future results, performance or achievements expressed or implied. Any of the assumptions could be inaccurate and, therefore, there can be no assurance that the pro forma financial results or estimated synergies or cost savings herein will prove to be accurate or that the objectives and plans expressed will be achieved. Any synergies or cost savings that are realized from the Merger may differ materially from the estimates contained herein. Verso and NewPage cannot provide any assurances that synergies will be achieved or cost-savings will be completed as anticipated or at all. Furthermore, the Merger, financing, integration, restructuring and transaction costs related to the Merger could be higher or lower than currently estimated, depending on how difficult it is to integrate Verso's business with that of NewPage.

***Certain financial forecasts may not be realized, which may adversely affect the market price of Verso New First Lien Notes and common stock following the consummation of the Merger.***

In arriving at their respective fairness opinions regarding the consideration to be paid under Merger Agreement, each of Evercore and Goldman Sachs relied upon, without independent verification, the accuracy and completeness of the information that was made available to Evercore and Goldman Sachs by Verso and NewPage. These financial forecasts were prepared by, or as directed by, the managements of Verso and NewPage and were also considered by NewPage's and Verso's boards of directors. None of these financial forecasts were prepared with a view towards public disclosure or compliance with the published guidelines of the SEC or the American Institute of Certified Public Accountants regarding projections and forecasts. The financial forecasts are inherently based on various estimates and assumptions that are subject to the judgment of those preparing them and are also subject to significant economic, competitive, industry and other uncertainties and contingencies, all of which are difficult or impossible to predict and many of which are beyond the control of Verso and NewPage. Accordingly, there can be no assurance that Verso's or NewPage's financial condition or results of operations will not be significantly worse than those set forth in such forecasts. Significantly worse financial results could have a material adverse effect on the market price of the New First Lien Notes, Verso common stock and/or the liquidity position of Verso and its subsidiaries following the consummation of the Merger.

***The opinion delivered by Goldman Sachs will not reflect changes in circumstances between the signing of the Merger Agreement and the completion of the Merger.***

Goldman Sachs's opinion regarding the fairness from a financial point of view of the Per Share Closing Cash Consideration, the Per Share Closing Note Consideration and the Per Share Closing Share Consideration, each as defined in the Merger Agreement, taken in the aggregate, to be paid to the holders (other than Verso and its affiliates) of NewPage common stock pursuant to the Merger Agreement is based on economic, monetary, market and other conditions as in effect on, and the information made available to it as of, the date of such opinion. Goldman Sachs has no obligation to update, revise or affirm its opinion to give effect to changes in circumstances between the date of its opinion and the completion of the Merger. Changes in the operations and prospects of NewPage, general market and economic conditions and other factors that may be beyond the control of NewPage, and on which the opinion of Goldman Sachs was based, may significantly alter the value of NewPage or the price of NewPage's common stock by the time the Merger is completed. The opinion does not speak as of the time the Merger will be completed or as of any date other than the date of the opinion.



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**Table of Contents**

**Risks Relating to Verso's Indebtedness**

*Verso's substantial indebtedness could adversely affect Verso's ability to raise additional capital to fund Verso's operations, limit Verso's ability to react to changes in the economy or Verso's industry, expose Verso to interest rate risk to the extent of Verso's variable rate debt, and prevent Verso from meeting Verso's obligations under Verso's indebtedness.*

Verso is a highly leveraged company and will continue to be highly leveraged after giving effect to the Exchange Offer Transactions and the Merger. As of March 31, 2014, the principal amount of Verso's total indebtedness was \$1,339.3 million and the principal amount of Verso Holdings' total indebtedness was \$1,362.6 million (including a \$23.3 million loan from Verso Finance Holdings to Chase NMTC Verso Investment Fund). Verso's high degree of leverage could have important consequences, including:

making it more difficult for Verso to satisfy its obligations with respect to the New First Lien Notes;

increasing Verso's vulnerability to general adverse economic and industry conditions;

requiring Verso to dedicate a substantial portion of its cash flow from operations to payments on its indebtedness, thereby reducing the availability of its cash flow to fund working capital, capital expenditures, research and development efforts, and other general corporate purposes;

increasing Verso's vulnerability to and limiting its flexibility in planning for, or reacting to, changes in its business and the industry in which it operates;

exposing Verso to the risk of increased interest rates as borrowings under the Existing ABL Facility and the Existing Cash Flow Facility and the Old Floating Rate Notes are subject to variable rates of interest;

placing Verso at a competitive disadvantage compared to its competitors that have less debt; and

limiting Verso's ability to borrow additional funds.

The indenture governing the New First Lien Notes, the indenture governing Verso's existing notes, the Existing Cash Flow Facility and the Existing ABL Facility contain financial and other restrictive covenants that limit Verso's ability to engage in activities that may be in its long-term best interests. Verso's failure to comply with those covenants could result in an event of default which, if not cured or waived, could result in the acceleration of all of its debts.

Verso's ability to generate net income will depend upon various factors that may be beyond its control. A portion of Verso's debt bears variable rates of interest so its interest expense could increase further in the future. Verso may not generate sufficient cash flow from operations to pay cash interest on its debt or be permitted by the terms of its debt instruments to pay dividends.

***Verso will require a significant amount of cash to service its indebtedness and make planned capital expenditures. Verso's ability to generate cash or refinance its indebtedness depends on many factors beyond its control, including general economic conditions.***

Verso's ability to make payments on and to refinance its indebtedness and to fund planned capital expenditures and research and development efforts will depend on its ability to generate cash flow in the future and Verso's ability to borrow under the Existing ABL Facility and the Existing Cash Flow Facility, to the extent of available borrowings. This, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory, and other factors that are beyond Verso's control. If adverse regional and national economic conditions persist, worsen, or fail to improve significantly, Verso could experience decreased revenues from its operations attributable to decreases in wholesale and consumer spending levels and could fail to generate sufficient cash to fund its liquidity needs or fail to satisfy the restrictive covenants and borrowing limitations that it is subject to under its indebtedness.

**Table of Contents**

Based on Verso's current and expected level of operations, Verso believes its cash flow from operations, available cash, and available borrowings under the Existing ABL Facility and the Existing Cash Flow Facility will be adequate to meet its future liquidity needs for at least the next year.

Verso cannot assure you, however, that its business will generate sufficient cash flow from operations or those future borrowings will be available to it under the Existing ABL Facility and the Existing Cash Flow Facility, or otherwise in an amount sufficient to enable it to pay its indebtedness or to fund its other liquidity needs.

***Restrictive covenants in the instruments governing Verso's debt securities and credit agreements may restrict its ability to pursue its business strategies.***

The indenture governing the New First Lien Notes and certain of Verso's existing notes, the Existing ABL Facility and the Existing Cash Flow Facility limit Verso's ability, among other things, to:

incur additional indebtedness;

pay dividends or make other distributions or repurchase or redeem Verso's stock;

prepay, redeem or repurchase certain of Verso's indebtedness;

make investments;

sell assets, including capital stock of restricted subsidiaries;

enter into agreements restricting Verso's subsidiaries' ability to pay dividends;

consolidate, merge, sell or otherwise dispose of all or substantially all of Verso's assets;

enter into transactions with affiliates; and

incur liens.

The Existing Cash Flow Facility requires Verso to maintain a maximum total net first-lien leverage ratio of not more than 3.50 to 1.00 at any time that any portion of the facility is drawn (including outstanding letters of credit). In addition, the Existing ABL Facility requires Verso to maintain a minimum fixed charge coverage ratio at any time when the average availability (defined as the lesser of the availability under the Existing ABL Facility and the borrowing base at such time, net of any unrestricted cash) is less than the greater of (a) 10% of the lesser of (i) the borrowing base at such time and (ii) the aggregate amount of Existing ABL Facility commitments at such time, and (b) \$10.0 million. In that event, Verso must satisfy a minimum fixed charge coverage ratio of 1.0 to 1.0. The Existing



ABL Facility also contains certain other customary affirmative covenants and events of default. As of March 31, 2014, Verso was not subject to the above described financial maintenance covenants.

A breach of any of these restrictive covenants could result in a default under the instruments governing Verso's debt securities and credit agreements. If a default occurs, the holders of these instruments may elect to declare all borrowings thereunder outstanding, together with accrued interest and other fees, to be immediately due and payable. The lenders under Verso's Existing Cash Flow Facility and the Existing ABL Facility would also have the right in these circumstances to terminate any commitments they have to provide further borrowings. If Verso is unable to repay its indebtedness when due or declared due, the lenders thereunder will also have the right to proceed against the collateral pledged to them to secure the indebtedness. If such indebtedness were to be accelerated, Verso's assets may not be sufficient to repay in full its secured indebtedness, including the New First Lien Notes, and it could be forced into bankruptcy or liquidation.

***Despite Verso's current indebtedness levels, Verso and its subsidiaries may still be able to incur substantially more debt. This could further exacerbate the risks associated with its substantial leverage.***

Verso and its subsidiaries may be able to incur substantial additional indebtedness in the future because the terms of the instruments governing Verso's debt securities and credit agreements do not fully prohibit Verso or

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**Table of Contents**

Verso's subsidiaries from doing so. In addition, as of March 31, 2014, the Existing ABL Facility and the Existing Cash Flow Facility permitted borrowing of up to approximately an additional \$44.4 million. If new indebtedness is added to Verso's and its subsidiaries' current debt levels, the related risks that Verso and they now face could intensify.

***A downgrade in Verso's debt ratings could result in increased interest and other financial expenses related to future borrowings, and could further restrict Verso's access to additional capital or trade credit.***

Standard and Poor's Ratings Services and Moody's Investors Service maintain credit ratings for Verso. Each of these ratings is currently below investment grade. Any decision by these or other ratings agencies to downgrade such ratings in the future could result in increased interest and other financial expenses relating to Verso's future borrowings, and could restrict Verso's ability to obtain financing on satisfactory terms. In addition, any further downgrade could restrict Verso's access to, and negatively impact the terms of, trade credit extended by Verso's suppliers of raw materials.

***Verso's indebtedness will increase substantially upon the consummation of the Merger.***

If the Merger is consummated, Verso will incur substantial additional indebtedness to, among other things, fund the consideration paid to NewPage's existing equity holders in connection with the Merger. This new indebtedness includes up to \$650 million in aggregate principal amount of New First Lien Notes and \$750 million in borrowings under the NewPage Term Loan Facility, which was, or will be, used to pay the cash portion of the Transaction Consideration and to refinance NewPage's former \$500 million term loan prior to closing. Additionally, NewPage's former asset based loan facility was replaced by the NewPage ABL Facility. Approximately \$250 million total in cash consideration will be paid to NewPage stockholders, approximately \$243 million of which was paid as a dividend prior to the date of this joint proxy and information statement/prospectus, and will not be available to fund the combined company's business operations after the close of the Merger. The combined company may also incur additional indebtedness in the future for corporate purposes. Any borrowings will require the combined company to use a portion of its cash flow to service principal and interest payments and thus will limit the free cash flow available for other desirable business opportunities. Verso cannot guarantee sufficient cash flow from operations to pay its indebtedness and fund its additional liquidity needs. See Risks Relating to Verso's Indebtedness.

**Risks Relating to the Combined Company Following the Merger**

***The combined company is expected to operate in a highly competitive industry.***

The industry in which Verso and NewPage operate, and in which the combined company will operate, is highly competitive. Competition is based largely on price. Both Verso and NewPage compete with foreign producers, some of which are lower cost producers than Verso and NewPage are or are subsidized by certain foreign governments. Verso and NewPage also face competition from numerous North American coated paper manufacturers. Some of Verso's and NewPage's competitors have advantages over Verso and/or NewPage, including lower raw material and labor costs and are subject to fewer environmental and governmental regulations. Furthermore, some of these competitors have greater financial and other resources than the combined company will have or may be better positioned than is the combined company to compete for certain opportunities. The combined company is expected to face similar competitive forces to those that Verso and NewPage faced as standalone entities. There is no assurance that the combined company will be able to continue to compete effectively in the markets it serves.

Competition could cause the combined company to lower its prices or lose sales to competitors, either of which could have a material adverse effect on the combined company's business, financial condition, and results of operations. In addition, the following factors will affect the combined company's ability to compete:

product availability;

the quality of its products;

**Table of Contents**

the breadth of product offerings;

the ability to maintain plant efficiencies and to achieve high operating rates;

manufacturing costs per ton;

customer service and its ability to distribute its products on time; and

the availability and/or cost of wood fiber, market pulp, chemicals, energy and other raw materials and labor.

***The combined company will have limited ability to pass through increases in its costs to its customers. Increases in the combined company's costs or decreases in demand and prices for printing and writing paper could have a material adverse effect on its business, financial condition, and results of operations.***

Verso's and NewPage's earnings are sensitive to price changes in coated paper. The combined company's earnings are expected to have the same sensitivities. Fluctuations in paper prices (and coated paper prices in particular) historically have had a direct effect on Verso's and NewPage's net income (loss) and EBITDA for several reasons:

Market prices for paper products are a function of supply and demand, factors over which the combined company will have limited control. The combined company will therefore have limited ability to control the pricing of its products. Market prices of grade No. 3, 60 lb. basis weight paper, which is an industry benchmark for coated freesheet paper pricing, have fluctuated since 2000 from a high of \$1,100 per ton to a low of \$705 per ton. In addition, market prices of grade No. 5, 34 lb. basis weight paper, which is an industry benchmark for coated groundwood paper pricing, have fluctuated between a high of \$1,120 per ton to a low of \$795 per ton over the same period. Prices may not improve significantly in 2014, and neither Verso nor NewPage currently expects prices in 2014 to return to the levels they were at in 2008 before they declined. Because market conditions determine the price for the combined company's paper products, the price for its paper products could fall below its cash production costs.

Market prices for paper products typically are not directly affected by raw material costs or other costs of sales, and consequently Verso and NewPage have had limited ability to pass through increases in these raw material and/or other sales costs to their respective customers absent increases in the market price. The combined company is expected to face the same market dynamic. Thus, even though the combined company's costs may increase, it may not have the ability to increase the prices for its products, or the prices for its products may decline.

The manufacturing of coated paper is highly capital-intensive and a large portion of Verso's and NewPage's operating costs are fixed. Additionally, paper machines are large, complex machines that operate more efficiently when operated continuously. Consequently, while its competitors do the same, the combined company will typically continue run its machines whenever marginal sales exceed the marginal costs, adversely impacting prices at times of lower demand.

Therefore, the combined company's ability to achieve acceptable margins is principally dependent on (a) its cost structure, (b) changes in the prices of raw materials, electricity, energy and fuel, which will represent a large component of its operating costs and will fluctuate based upon factors beyond its control and (c) general conditions in the paper market including the demand for paper products, the amount of foreign imports, the amount spent on advertising, the circulation of magazines and catalogs, the use of electronic readers and other devices, and postal rates. Any one or more of these economic conditions could affect the combined company's sales and operating costs and could have a material adverse effect on its business, financial condition, and results of operations.

***Developments in alternative media could adversely affect the demand for the combined company's products.***

Trends in advertising, electronic data transmission and storage, and the internet have had and could have further adverse effects on traditional print media, including the use of and demand for the combined company's

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**Table of Contents**

products and those of its customers, but neither the timing nor the extent of those trends can be predicted with certainty. The combined company's magazine and catalog publishing customers may increasingly use (both for content and advertising), and compete with businesses that use, other forms of media and advertising and electronic data transmission and storage, particularly the internet, instead of paper made by the combined company. As the use of these alternatives grows, demand for its paper products could decline.

***Litigation could be costly and harmful to the combined company's business.***

Verso and NewPage have been, from time to time, and may currently be involved in, claims and legal proceedings relating to contractual, employment, environmental, intellectual property and other matters incidental to the conduct of their businesses. Although Verso and NewPage do not believe that any currently pending claims or legal proceedings are likely to result in an unfavorable outcome that would have a material adverse effect on the combined company's financial condition or results of operations, it is possible that such claims and legal proceedings could result in unfavorable outcomes that could have a material adverse effect on the combined company's financial condition and results of operations.

***If the combined company is unable to obtain energy or raw materials, including petroleum-based chemicals at favorable prices, or at all, it could have a material adverse effect on the combined company's business, financial condition and results of operations.***

Both Verso and NewPage purchase energy, wood fiber, market pulp, chemicals and other raw materials from third parties. Going forward, the combined company may experience shortages of energy supplies or raw materials or be forced to seek alternative sources of supply. If the combined company is forced to seek alternative sources of supply, it may not be able to do so on terms as favorable as Verso and NewPage currently have or at all. The prices for energy and many of Verso's and NewPage's raw materials, especially petroleum-based chemicals, have recently been volatile and are expected to remain volatile for the foreseeable future. Chemical suppliers that use petroleum-based products in the manufacture of their chemicals may, due to a supply shortage and cost increase, ration the amount of chemicals available to the combined company and/or the combined company may not be able to obtain the chemicals it needs to operate its business at favorable prices, if at all. In addition, certain specialty chemicals that Verso and NewPage currently purchase are available only from a small number of suppliers. If any of these suppliers were to cease operations or cease doing business with the combined company in the future, it may be unable to obtain such chemicals at favorable prices, if at all.

The supply of energy or raw materials may be adversely affected by, among other things, natural disasters or an outbreak or escalation of hostilities between the United States and any foreign power, and, in particular, events in the Middle East or weather events such as hurricanes could result in a real or perceived shortage of oil or natural gas, which could result in an increase in energy or chemical prices. In addition, wood fiber is a commodity and prices historically have been cyclical. The primary source for wood fiber is timber. Environmental litigation and regulatory developments have caused, and may cause in the future, significant reductions in the amount of timber available for commercial harvest in Canada and the United States. In addition, future domestic or foreign legislation, litigation advanced by aboriginal groups, litigation concerning the use of timberlands, the protection of endangered species, the promotion of forest biodiversity, and the response to and prevention of wildfires and campaigns or other measures by environmental activists also could affect timber supplies. The availability of harvested timber may further be limited by factors such as fire and fire prevention, insect infestation, disease, ice and wind storms, droughts, floods, and other natural and man-made causes. Additionally, due to increased fuel costs, suppliers, distributors and freight carriers have charged fuel surcharges, which have increased both Verso's and NewPage's costs. Any significant shortage or significant increase in the combined company's energy or raw material costs in circumstances where it cannot raise the price of its products due to market conditions could have a material adverse effect on its business, financial condition,

and results of operations.

Any disruption in the supply of energy or raw materials also could affect the combined company's ability to meet customer demand in a timely manner and could harm its reputation. As the combined company is expected

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**Table of Contents**

to have limited ability to pass through increases in its costs to its customers absent increases in market prices for its products, material increases in the cost of its raw materials could have a material adverse effect on the combined company's business, financial condition and results of operations. Furthermore, the combined company may be required to post letters of credit or other financial assurance obligations with certain of its energy and other suppliers, which could limit its financial flexibility.

***Verso and NewPage are involved in continuous manufacturing processes with a high degree of fixed costs. Any interruption in the operations of either Verso's or NewPage's manufacturing facilities may affect the combined company's operating performance.***

Verso and NewPage run their respective paper machines on a nearly continuous basis for maximum efficiency, and the combined company will run its machines on the same basis. Any downtime at any of the combined company's paper mills, including as a result of or in connection with planned maintenance and capital expenditure projects, results in unabsorbed fixed costs that could negatively affect its results of operations for the period in which it experiences the downtime. Due to the extreme operating conditions inherent in some of Verso's and NewPage's manufacturing processes, the combined company may incur unplanned business interruptions from time to time and, as a result, the combined company may not generate sufficient cash flow to satisfy its operational needs. In addition, the geographic areas where Verso's and NewPage's production is located and where the combined company will conduct its business may be affected by natural disasters, including snow storms, forest fires, and flooding. Such natural disasters could cause the combined company's mills to stop running, which could have a material adverse effect on its business, financial condition, and results of operations. Furthermore, during periods of weak demand for paper products, such as the current market, or periods of rising costs, Verso and NewPage have experienced and the combined company may in the future experience market-related downtime, which could have a material adverse effect on its financial condition and results of operations.

***Verso's and NewPage's operations require substantial ongoing capital expenditures, and the combined company may not have adequate capital resources to fund all of its required capital expenditures.***

Verso's and NewPage's businesses are capital intensive, and the combined company is expected to incur capital expenditures on an ongoing basis to maintain its equipment and comply with environmental laws, as well as to enhance the efficiency of its operations. For the three months ended March 31, 2014, Verso's capital expenditures were approximately \$16.5 million. For the three months ended March 31, 2014, NewPage's total capital expenditures were \$14.0 million. Verso anticipates that the combined company's available cash resources, including amounts under the combined company's credit facilities, and cash generated from operations will be sufficient to fund its operating needs and capital expenditures for at least the next year. The combined company may also dispose of certain of its non-core assets in order to obtain additional liquidity. However, if the combined company requires additional resources to fund its capital expenditures, it may not be able to obtain them on favorable terms, or at all. If the combined company cannot maintain or upgrade its facilities and equipment as it requires or as necessary to ensure environmental compliance, it could have a material adverse effect on its business, financial condition, and results of operations.

***Verso and NewPage depend on a small number of customers for a significant portion of their respective businesses. In some instances, Verso and NewPage have served the same significant customers. Furthermore, Verso and NewPage may have credit exposure to these customers through extension of trade credits.***

Verso's largest customers, Quad/Graphics, Inc. and Central National-Gottesman, Inc. accounted for approximately 12% and 10%, respectively of its net sales in 2013. In 2013, Verso's ten largest customers (including Quad/Graphics, Inc. and Central National-Gottesman, Inc.) accounted for approximately 62% of its net sales, while Verso's ten largest end-users accounted for approximately 27% of its net sales. The loss of, or reduction in orders from, any of these



customers or other customers could have a material adverse effect on Verso's business, financial condition, and results of operations, as could significant customer disputes regarding shipments, price, quality, or other matters.

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**Table of Contents**

NewPage's two largest customers, xpedx, a division of International Paper Company, and Unisource Worldwide, Inc. accounted for 13% and 12% of 2013 net sales, respectively. NewPage's ten largest customers (including xpedx and Unisource) accounted for approximately half of NewPage's net sales for 2013. The loss of, or significant reduction in orders from, any of these customers could have a material adverse effect on NewPage's business, financial condition and results of operations, as could significant customer disputes regarding shipments, price, quality or other matters. On July 1, 2014, International Paper announced the completion of the xpedx spinoff and the subsequent merger between xpedx and Unisource. At this time it is unclear whether the merger of xpedx and Unisource will have any impact on NewPage's business.

The combined company is expected to depend on these significant customers going forward. In some instances, Verso and NewPage have served the same customers, and some of these customers may decide that it is desirable to have additional or different suppliers that could result in loss of business for the combined company.

Furthermore, Verso and NewPage extend trade credit to certain of these customers to facilitate the purchase of their respective products and rely on these customers' creditworthiness and ability to obtain credit from lenders. The combined company is expected to be subject to these sales practices. Accordingly, a bankruptcy or a significant deterioration in the financial condition of any of these significant customers could have a material adverse effect on the combined company's business, financial condition and results of operations, due to a reduction in purchases, a longer collection cycle or an inability to collect accounts receivable.

***The combined company may not realize certain synergies, productivity enhancements or improvements in costs.***

As part of Verso's business strategy, Verso has been in the process of identifying opportunities to improve profitability by reducing costs and enhancing productivity. For example, through Verso's continuous process improvement program, Verso has implemented focused programs to optimize material and energy sourcing and usage, reduce repair costs and control overhead. The combined company will continue to utilize the process improvement program to drive further cost reductions and operating improvements in the combined company's mill system, and Verso's management team has targeted synergy opportunities upon consummation of the Merger. Any synergies, cost savings or productivity enhancements that the combined company realizes from such efforts may differ materially from Verso's estimates as to such synergies, cost savings or productivity enhancements. In addition, any synergies, cost savings or productivity enhancements that the combined company expects to realize may be offset, in whole or in part, by reductions in pricing or volume, or through increases in other expenses, including raw material, energy or personnel. The combined company cannot assure you that these initiatives will be completed as anticipated or that the expected benefits expect will be achieved on a timely basis or at all.

***Rising postal costs could weaken demand for the combined company's paper products.***

A significant portion of paper is used in periodicals, magazines, catalogs, fliers and other promotional mailings. Many of these materials are distributed through the mail. Future increases in the cost of postage could reduce the frequency of mailings, reduce the number of pages in magazine and advertising materials, and/or cause advertisers, catalog and magazine publishers to use alternate methods to distribute their materials. The U.S. Postal Service has announced rate increases for 2014 that are significantly above the rate of inflation to offset prior losses. Any of the foregoing could decrease the demand for the combined company's products, which could have a material adverse effect on its business, financial condition, and results of operations.

***The combined company's business may suffer if it does not retain its senior management.***

The combined company's future success will depend on its senior management. As a result of the Merger, Verso's and NewPage's current and prospective employees could experience uncertainty about their future roles

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**Table of Contents**

and the integration process. See Risk Factors Risks Relating to the Merger for more details. The loss of services of members of the combined company's senior management team could adversely affect its business until suitable replacements can be found. There may be a limited number of persons with the requisite skills to serve in these positions and the combined company may be unable to locate or employ qualified personnel on acceptable terms. In addition, the combined company's future success requires it to continue to attract and retain competent personnel.

***Both Verso and NewPage have a portion of employees who are unionized. Wage and benefit increases and work stoppages and slowdowns by unionized employees may have a material adverse effect on the combined company's business, financial condition and results of operations.***

A large percentage of Verso and NewPage employees are unionized. Verso has three collective bargaining agreements and NewPage has 14 collective bargaining agreements or other agreements with a labor union or similar organizations. During the pendency of the Merger, Verso or NewPage may become subject to material cost increases or additional work rules imposed by agreements with labor unions. This could increase expenses for Verso or NewPage in absolute terms and/or as a percentage of net sales. In addition, although Verso and NewPage believe they have good relations with their respective employees, work stoppages or other labor disturbances may occur in the future.

The combined company will continue to be subject to existing Verso's collective bargaining agreements and pursuant to the Merger Agreement, the combined company will also recognize the unions that are parties to the collective bargaining agreements with NewPage. As a result, the combined company will be subject to the risk factors described above and any of these factors could negatively affect its business, financial condition and results of operations.

***The failure of the combined company's information technology and other business support systems could have a material adverse effect on its business, financial condition and results of operations.***

The combined company's ability to effectively monitor and control its operations depends to a large extent on the proper functioning of its information technology and other business support systems. If the combined company's information technology and other business support systems were to fail, it could have a material adverse effect on its business, financial condition and results of operations.

***Verso and NewPage depend on third parties for certain transportation services.***

Verso and NewPage rely primarily on third parties for transportation of products to customers and transportation of raw materials to Verso and NewPage, in particular, by truck and train. The combined company is also expected to continue to depend on these relationships. If any third-party transportation provider fails to deliver the combined company's products in a timely manner, it may be unable to sell them at full value. Similarly, if any transportation provider fails to deliver raw materials to the combined company in a timely manner, it may be unable to manufacture its products on a timely basis. Shipments of products and raw materials may be delayed due to weather conditions, strikes or other events. Any failure of a third-party transportation provider to deliver raw materials or products in a timely manner could harm the combined company's reputation, negatively impact its customer relationships and have a material adverse effect on the combined company's business, financial condition, and results of operations. In addition, the combined company's ability to deliver its products on a timely basis could be adversely affected by the lack of adequate availability of transportation services, especially rail capacity, whether because of work stoppages or otherwise. Furthermore, the combined company may experience increases in the cost of its transportation services, including as a result of rising fuel costs and surcharges (primarily in diesel fuel). If the combined company is not able to pass these increased costs through to its customers, they could have a material adverse effect on its business, financial condition, and results of operations.



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**Table of Contents**

***The combined company will be subject to various environmental, health and safety laws and regulations that could impose substantial costs or other liabilities upon it and may have a material adverse effect on its business, financial condition, and results of operations.***

Verso and NewPage are subject to a wide range of federal, state, regional, and local general and industry-specific environmental, health and safety laws and regulations, including those relating to air emissions (including greenhouse gases and hazardous air pollutants), wastewater discharges, solid and hazardous waste management and disposal, site remediation and natural resources. Compliance with these laws and regulations, and permits issued thereunder, is a significant factor in both Verso and NewPage's business and the combined company may be subject to the same or even increased scrutiny and enforcement actions by regulators. Verso and NewPage have made, and the combined company will continue to make, significant expenditures to comply with these requirements and the combined company's permits, which may impose increasingly more stringent standards over time as they are renewed or modified by the applicable governmental authorities. In addition, the combined company will handle and dispose of wastes arising from its mill operations and operate a number of on-site landfills to handle that waste. The combined company will be required to maintain financial assurance (in the form of letters of credit and other similar instruments) for the projected cost of closure and post-closure care for these landfill operations. The combined company could be subject to potentially significant fines, penalties, criminal sanctions, plant shutdowns, or interruptions in operations for any failure to comply with applicable environmental, health and safety laws, regulations and permits. Moreover, under certain environmental laws, a current or previous owner or operator of real property, and parties that generate or transport hazardous substances that are disposed of at real property, may be held liable for the full cost to investigate or clean up such real property and for related damages to natural resources. The combined company may be subject to liability, including liability for investigation and cleanup costs, if contamination is discovered at one of Verso's or NewPage's current or former paper mills, other properties or other locations where Verso or NewPage has disposed of, or arranged for the disposal of, wastes.

A 2007 decision of the United States Supreme Court held that greenhouse gases are subject to regulation under the Clean Air Act. The Environmental Protection Agency, or EPA, has subsequently issued regulations applicable to both Verso and NewPage that require monitoring of greenhouse gas emissions. The EPA has also issued regulations that require certain new and modified air emissions sources to control their greenhouse gas emissions, which may have a material effect on the combined company's operations. The United States Congress has in the past, and may in the future, consider legislation which would also regulate greenhouse gas emissions. It is possible that the combined company could become subject to federal, state, regional, local, or supranational legislation related to climate change, greenhouse gas emissions, cap-and-trade or other emissions.

On January 31, 2013, the EPA published its National Emissions Standards for Hazardous Air Pollutants for Major Sources: Industrial, Commercial and Institutional Boilers and Process Heaters. The standards, which are technology-based standards that require the use of Maximum Achievable Control Technology or MACT for major sources to comply and is referred to as the Boiler MACT rule, govern emissions of air toxics from boilers and process heaters at industrial facilities. Certain of Verso's and NewPage's boilers are subject to the new standards, and the combined company may be required to limit its emissions and/or install additional pollution controls. In addition, on September 11, 2012, the EPA amended its National Emissions Standards for Hazardous Air Pollutants from the Pulp and Paper Industry, which is likewise a MACT standard that specifically governs emissions of air toxics from pulp and paper facilities. Compliance costs related to recent EPA rule changes could be material and have an adverse effect on the combined company's business, financial condition and results of operations.

***Lenders under the combined company's credit facilities may not fund their commitments.***

Although the lenders under the combined company's revolving credit facilities are well-diversified, there can be no assurance that deterioration in the credit markets or overall economy will not affect the ability of the combined company's lenders to meet their funding commitments. If a lender fails to honor its commitment under the revolving credit facilities, that portion of the credit facilities will be unavailable to the extent that the lender's commitment is not replaced by a new commitment from an alternate lender.

## **Table of Contents**

Additionally, the combined company's lenders have the ability to transfer their commitments to other institutions, and the risk that committed funds may not be available under distressed market conditions could be exacerbated if consolidation of the commitments under the combined company's revolving credit facilities or among its lenders were to occur.

### **Risks Relating to the Verso Common Stock**

***The issuance of Verso common stock in connection with the Merger, the Second Lien Notes Exchange Offer and the Subordinated Notes Exchange Offer could decrease the market price of Verso common stock.***

In connection with the Merger and as part of the Merger Consideration, Verso will issue shares of its common stock to NewPage stockholders (see "The Merger Agreement Transaction Consideration" for more details). In connection with the Second Lien Notes Exchange Offer and the Subordinated Notes Exchange Offer, Verso will issue Verso Warrants which are mandatorily convertible into shares of Verso common stock (see "Description of Other Indebtedness Exchange Offer Transactions" for more details). The issuance of Verso common stock in connection with the Merger, the Second Lien Notes Exchange Offer and the Subordinated Notes Exchange Offer may result in fluctuations in the market price of Verso common stock, including a stock price decline.

***Verso does not plan to pay dividends on its common stock for the foreseeable future.***

Verso intends to retain its earnings to support the development and expansion of its business, to repay debt and for other corporate purposes and, as a result, Verso does not plan to pay cash dividends on its common stock in the foreseeable future. Verso's payment of any future dividends will be at the discretion of its board of directors after taking into account various factors, including its financial condition, operating results, cash needs, growth plans and the terms of any credit facility or other restrictive debt agreements that Verso may be a party to at the time or senior securities it may have issued. Verso's credit facilities limit it from paying cash dividends or other payments or distributions with respect to its capital stock. In addition, the terms of any future facility or other restrictive debt credit agreement may contain similar restrictions on its ability to pay any dividends or make any distributions or payments with respect to its capital stock.

Furthermore, Verso's ability to pay dividends to its stockholders is subject to the restrictions set forth under Delaware law and, during the period between the signing of the Merger Agreement and the closing of the Merger, restrictions on the payment of dividends in the Merger Agreement. Verso cannot assure you that it will meet the criteria specified under Delaware law in the future, in which case it may not be able to pay dividends on its common stock even if it were to choose to do so.

***Verso's stock price has been volatile and an investment in Verso could lose value.***

All of the risk factors discussed in this section could affect Verso's stock price. The timing of announcements in the public market regarding new products, product enhancements or technological advances by Verso or its competitors, and any announcements by Verso or its competitors of acquisitions, major transactions, or management changes could also affect Verso's stock price. Verso's stock price is subject to speculation in the press and the analyst community, including with respect to the closing of the Merger or Apollo's strategic plans generally, changes in recommendations or earnings estimates by financial analysts, changes in investors' or analysts' valuation measures for Verso's stock, Verso's credit ratings and market trends unrelated to Verso's performance. Stock sales by Apollo's or Verso's directors, officers, or other significant holders may also affect Verso's stock price. A significant drop in Verso's stock price could also expose Verso to the risk of securities class actions lawsuits, which could result in substantial costs and divert management's attention and resources, which could adversely affect Verso's business.





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**Table of Contents**

*Verso may issue additional shares of its common stock or securities convertible into shares of its common stock. Sales or potential sales of Verso common stock by Verso or its significant stockholders may cause the market price of its common stock to decline.*

Following the completion of the Merger, Verso will not be restricted from issuing additional shares of common stock, including shares issuable pursuant to securities that are convertible into or exchangeable for, or that represent the right to receive, common stock. Stock sales by Verso's directors, officers or other significant holders may affect Verso's stock price.

*Anti-takeover provisions in Delaware corporate law may make it difficult for Verso's stockholders to replace or remove Verso's current board of directors and could deter or delay third parties from acquiring Verso, which may adversely affect the marketability and market price of Verso common stock.*

Verso is subject to the anti-takeover provisions of Section 203 of the DGCL. Under these provisions, if anyone becomes an interested stockholder, Verso may not enter into a business combination with that person for three years without special approval, which could discourage a third party from making a takeover offer and could delay or prevent a change of control. For purposes of Section 203, interested stockholder means, generally, someone owning more than 15% or more of Verso's outstanding voting stock or an affiliate of Verso that owned 15% or more of Verso's outstanding voting stock during the past three years, subject to certain exceptions as described in Section 203.

Under any change of control, as defined in Verso's credit agreement, the lenders under its credit facility would have the right to require Verso to repay all of its outstanding obligations under the facility.

**Risks Relating to the New First Lien Notes**

*The issuance of the New First Lien Notes and the granting of the liens in respect of the New First Lien Notes could be wholly or partially voided as a fraudulent transfer by a bankruptcy court.*

Under federal bankruptcy law and comparable provisions of state fraudulent transfer laws, a court may avoid any transfer of an interest of a debtor in property, or any obligation incurred by a debtor, if among other things, the debtor conveyed the assets with an actual intent to hinder, delay or defraud its creditors, or the debtor received less than reasonably equivalent value in exchange for such transfer or obligation, and the debtor (a) was insolvent or rendered insolvent by reason of such incurrence, (b) was engaged in a business or transaction for which the debtor's remaining assets constituted unreasonably small capital, or (c) intended to incur, or believed that it would incur, debts beyond its ability to pay as such debts mature. As a general matter, value is given for a transfer or an obligation if, in exchange for the transfer or obligation, property is transferred or an antecedent debt is secured or satisfied. The issuance of the New First Lien Notes may be subject to avoidance under state fraudulent transfer laws or if Verso becomes the subject of a bankruptcy proceeding if a court concludes that Verso issued the New First Lien Notes or granted the liens securing the New First Lien Notes in consideration for less than reasonably equivalent value received or fair consideration in NewPage's outstanding common stock, in-the-money stock options and vested restricted stock units in connection with the consummation of the Merger, other elements of the statutes are satisfied, and no applicable defense exists.

*Federal and state statutes allow courts, under specific circumstances, to void guarantees and require noteholders to return payments received or prevent the noteholders from receiving payments.*

If Verso or a guarantor becomes a debtor in a case under the Bankruptcy Code or encounters other financial difficulty, under federal bankruptcy law and comparable provisions of state fraudulent transfer laws, a guarantee may be voided,

or claims in respect of a guarantee may be subordinated to all other debts of that guarantor. The guarantees may be voided as fraudulent transfers if the guarantor, at the time it incurred the indebtedness evidenced by its guarantee, received less than reasonably equivalent value or fair consideration for the incurrence of such guarantee; and

was insolvent or rendered insolvent by reason of such incurrence; or

**Table of Contents**

was engaged in a business or transaction for which the guarantor's remaining assets constituted unreasonably small capital; or

intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature. The court might also avoid such guarantee, without regard to the above factors, if it found that the subsidiary entered into its guarantee with actual or deemed intent to hinder, delay, or defraud its creditors. A court would likely find that a guarantor did not receive reasonably equivalent value or fair consideration for its guaranty and security agreements if the guarantor did not substantially benefit directly or indirectly from the issuance of the New First Lien Notes. Because the guarantees are for Verso's benefit and only indirectly for the benefit of the guarantors, a court could conclude that the guarantors received less than fully equivalent value.

The measures of insolvency for purposes of these fraudulent transfer laws will vary depending upon the law applied in any proceeding to determine whether a fraudulent transfer has occurred. Generally, however, a guarantor would be considered insolvent if:

the sum of its debts, including contingent liabilities, was greater than the fair saleable value of all of its assets; or

if the present fair saleable value of its assets was less than the amount that would be required to pay its probable liability on its existing debts, including contingent liabilities, as they become absolute and mature; or

it could not pay its debts as they become due.

Each guaranty contains a provision intended to limit the guarantor's liability to the maximum amount that it could incur without causing the incurrence of obligations under its guaranty to be a fraudulent transfer. This provision may not be effective to protect the guaranties from being voided under fraudulent transfer law, or may reduce or eliminate the guarantor's obligation to an amount that effectively makes the guaranty worthless. In a recent Florida bankruptcy case, a similar provision was found to be ineffective to protect the guarantees.

Verso cannot assure you as to what standard a court would apply in making these determinations or that a court would agree with Verso's conclusions in this regard. Sufficient funds to repay the New First Lien Notes may not be available from other sources, including the remaining issuers or guarantors, if any. If a court avoided such guarantee, holders of New First Lien Notes would no longer have a claim against such subsidiary or the collateral granted by such subsidiary to secure such holders' guarantee. In addition, the court might direct such holders to repay any amounts already received from such subsidiary. If the court were to avoid any guarantee, Verso cannot assure you that funds would be available to pay the related notes from another subsidiary or from any other source.

***If a bankruptcy petition were filed by or against Verso, holders of the New First Lien Notes may have their claims allowed in a lesser amount than the face amount of their claims under the New First Lien Notes Indenture.***

If a bankruptcy petition were filed by or against Verso under the U.S. Bankruptcy Code after the issuance of the New First Lien Notes, the allowed claim of any holder of the New First Lien Notes for the principal amount of such notes may be limited to an amount equal to the sum of:

the original issue price for the New First Lien Notes; and

that portion of the original issue discount that does not constitute unmatured interest for purposes of the U.S. Bankruptcy Code, if any.

The original issue price of the New First Lien Notes could be determined by referencing the face value stipulation in the Merger Agreement, by referencing the trading price of the Existing First Lien Notes at the time of issuance of the New First Lien Notes, and/or by other methods as determined by the bankruptcy court.

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**Table of Contents*****If Verso defaults on its obligations to pay its indebtedness, it may not be able to make payments on the New First Lien Notes.***

Any default under the agreements governing Verso's indebtedness or any future indebtedness (including indebtedness assumed by Verso as a result of the Merger), that is not waived by the holders of such indebtedness, and the remedies sought by the holders of such indebtedness, could make it difficult for Verso to pay principal, premium, if any, and interest on the New First Lien Notes and could substantially decrease the market value of the New First Lien Notes. If Verso is unable to generate sufficient cash flow and are otherwise unable to obtain funds necessary to meet required payments of principal, premium, if any, and interest on its indebtedness, or if it otherwise fails to comply with the various covenants, including operating covenants, in the instruments governing its indebtedness, Verso could be in default under the terms of the agreements governing such indebtedness. In the event of such default, the holders of such indebtedness could elect to declare all the funds borrowed thereunder to be due and payable, together with accrued and unpaid interest, the lenders under the Existing ABL Facility or the Existing Cash Flow Facility or such other indebtedness could elect to terminate their commitments, cease making further loans and initiate proceedings against Verso's assets, and Verso could be forced into bankruptcy or liquidation. If Verso breaches its covenants under the Existing ABL Facility or the Existing Cash Flow Facility or its other indebtedness and seeks a waiver, it may not be able to obtain a waiver from the required lenders or requisite holders. If this occurs, Verso would be in default under the instrument governing that indebtedness, the lenders or holders could exercise their rights, as described above, and Verso could be forced into bankruptcy, insolvency or liquidation.

***The holders of Verso's debt securities will be structurally subordinated to the obligations under the NewPage Term Loan Facility and the NewPage ABL Facility.***

The issuers and guarantors of Verso's debt securities (including the New First Lien Notes) and the borrower and guarantors of Verso's credit facilities will not guarantee the obligations under the NewPage Term Loan Facility and the NewPage ABL Facility, and the borrower and guarantors under the NewPage Term Loan Facility will not guarantee the obligations under Verso's debt securities and credit facilities. As a result, Verso's obligations under the New First Lien Notes will be structurally subordinated to the obligations under the NewPage Term Loan Facility.

***Verso may not have the ability to raise the funds necessary to finance the change of control offer required by the indenture governing the New First Lien Notes.***

Upon the occurrence of certain kinds of change of control events, Verso will be required to offer to repurchase all outstanding New First Lien Notes at 101% of the principal amount thereof, plus accrued and unpaid interest and liquidated damages, if any, to the date of repurchase. Similar change of control offer requirements are applicable to Verso's notes issued under its other indentures. It is possible that Verso will not have sufficient funds at the time of the change of control to make the required repurchase of the New First Lien Notes or Verso's other notes. The occurrence of a change of control would also constitute an event of default under the Existing ABL Facility and the Existing Cash Flow Facility and could constitute an event of default under its other indebtedness. Verso's bank lenders may have the right to prohibit any such purchase or redemption, in which event Verso will seek to obtain waivers from the required lenders under the Existing ABL Facility and the Existing Cash Flow Facility and its other indebtedness, but may not be able to do so.

***Verso can enter into transactions like recapitalizations, reorganizations and other highly leveraged transactions that do not constitute a change of control but that could adversely affect the holders of the New First Lien Notes.***

Certain important corporate events, such as leveraged recapitalizations that would increase the level of Verso's indebtedness, would not constitute a change of control under the indenture governing the New First Lien Notes and

the indentures governing Verso's other notes. Therefore, Verso could, in the future, enter into certain

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**Table of Contents**

transactions, including acquisitions, reorganizations, refinancings or other recapitalizations, that would not constitute a change of control under such indentures, but that could increase the amount of indebtedness outstanding at such time or otherwise affect Verso's capital structure or credit ratings.

***In the event of Verso's bankruptcy, the ability of the holders of the New First Lien Notes to realize upon the collateral will be subject to certain bankruptcy law limitations and limitations under the intercreditor agreements.***

The ability of holders of the New First Notes to realize upon the collateral will be subject to certain bankruptcy law limitations in the event of Verso's bankruptcy. Under applicable U.S. federal bankruptcy laws, secured creditors are prohibited from, among other things, repossessing their security from a debtor in a bankruptcy case, or from disposing of security repossessed from such a debtor, without bankruptcy court approval, which may not be obtained. Moreover, applicable federal bankruptcy laws generally permit the debtor to continue to retain collateral, including cash collateral, even though the debtor is in default under the applicable debt instruments, provided that the secured creditor is given adequate protection. During the pendency of a bankruptcy case, a secured creditor may be entitled to request adequate protection to protect the value of the secured creditor's interest in its collateral, but the adequate protection, if any, actually provided to a secured creditor may vary according to the circumstances. Adequate protection may include cash payments or the granting of additional security. Following notice and a hearing, the bankruptcy court may award adequate protection to secured creditors based upon diminution in value of the collateral as a result of the debtor's use, sale or lease of such collateral during the pendency of the bankruptcy case or the imposition of the automatic stay. In view of the lack of a precise definition of the term adequate protection and the broad discretionary powers of a U.S. bankruptcy court and the terms of the intercreditor agreement, Verso cannot predict whether or when the collateral agent and trustee under the indenture for the New First Lien Notes could foreclose upon or sell the collateral or whether or to what extent holders of New First Notes would be compensated for any delay in payment or loss of value of the collateral through the requirement of adequate protection.

Any disposition of the collateral during a bankruptcy case would also require permission from the bankruptcy court. Furthermore, in the event a bankruptcy court determines the value of the collateral is not sufficient to repay all amounts due on debt which is to be repaid first out of the proceeds of collateral, the holders of the notes would hold a secured claim to the extent of the value of such collateral to which the holders of the notes are entitled and unsecured claims with respect to such shortfall. The Bankruptcy Code only permits the payment and accrual of post-petition interest, costs and attorney's fees to a secured creditor during a debtor's bankruptcy case to the extent the value of its collateral is determined by the bankruptcy court to exceed the aggregate outstanding principal amount of the obligations secured by the collateral. Finally, under the intercreditor agreements, the holders of the New First Lien Notes will waive a significant number of rights ordinarily accruing to secured creditors in bankruptcy. These waivers could adversely impact the ability of the holders of the New First Lien Notes to recover amounts owed to them in a bankruptcy proceeding.

***If an active trading market does not develop for the New First Lien Notes, you may not be able to resell them.***

The New First Lien Notes are a new issue of securities for which there is no established public trading market. The New First Lien Notes will not be fungible with the Existing First Lien Notes or any other issue of Verso securities. The New First Lien Notes are being offered to holders of common stock of NewPage as part of the Merger Consideration and not to underwriters who might otherwise intend to make a market in the notes and such initial holders are not obligated to engage in any market-making activities. Verso does not intend to have the New First Lien Notes listed on a national securities exchange. As a result, there may be limited liquidity of any trading market that does develop for the New First Lien Notes. In addition, the liquidity of the trading market in the New First Lien Notes and the market prices quoted for such New First Lien Notes may be adversely affected by changes in the overall market for this type of security and by changes in Verso's financial performance or prospects or in the prospects for



companies in Verso's industry generally. Therefore, Verso cannot assure you that an active market for the notes will develop or continue.

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**Table of Contents**

Historically, the market for non-investment grade debt has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the New First Lien Notes. Verso cannot assure you that any such disruptions may not adversely affect the prices at which you may sell your New First Lien Notes. In addition, subsequent to their initial issuance, the New First Lien Notes, may trade at a discount from their initial offering price, depending upon prevailing interest rates, the market for similar notes, Verso's performance and other factors.

***The value of the collateral securing the New First Lien Notes may not be sufficient to satisfy Verso's obligations under the New First Lien Notes, the Existing First Lien Notes, the Existing ABL Facility and the Existing Cash Flow Facility. Holders of the New First Lien Notes will not have control over many decisions related to the collateral.***

No appraisal of the value of the collateral has been made in connection with the offering of the New First Lien Notes, and the fair market value of the collateral is subject to fluctuations based on factors that include, among others, general economic conditions and similar factors. The amount to be received upon a sale of the collateral would be dependent on numerous factors, including, but not limited to, the actual fair market value of the collateral at such time, the timing and the manner of the sale and the availability of buyers. By its nature, portions of the collateral may be illiquid and may have no readily ascertainable market value. In the event of a foreclosure, liquidation, bankruptcy or similar proceeding, the collateral may not be sold in a timely or orderly manner, and the proceeds from any sale or liquidation of this collateral may not be sufficient to pay Verso's obligations under the notes.

The rights of the holders of the notes with respect to the ABL Priority Collateral (as defined in Description of New First Lien Notes ) will be substantially limited by the terms of the lien ranking agreements set forth in the indenture and the applicable intercreditor agreement, even during an event of default. Under the indenture governing the New First Lien Notes and the applicable intercreditor agreement, at any time that obligations that have the benefit of the higher priority liens are outstanding, any actions that may be taken with respect to such collateral, including the ability to cause the commencement of enforcement proceedings against such collateral, to control the conduct of such proceedings and to approve releases of such collateral from the lien of such documents relating to such collateral, will be at the direction of the holders of the obligations secured by the first-priority liens, and the holders of the notes secured by the second-priority liens may be adversely affected.

To the extent that liens securing obligations under the Existing ABL Facility, the Existing Cash Flow Facility, preexisting liens, liens permitted under the indenture and other rights, including liens on excluded assets, such as those securing purchase money obligations and capital lease obligations granted to other parties (in addition to the holders of any other obligations secured by higher priority liens), encumber any of the collateral securing the notes and the guarantees, those parties may have or may exercise rights and remedies with respect to the collateral that could adversely affect the value of the collateral and the ability of the collateral agent, the trustee under the indenture or the holders of the notes to realize or foreclose on the collateral. Under the terms of the First-Lien Intercreditor Agreement, the First-Lien Revolving Facility Collateral Agent (each as defined in the Description of New First Lien Notes ) will have the exclusive right (subject to limited exceptions) to exercise remedies and take enforcement actions on behalf of the holders of First-Priority Lien Obligations (as defined in the Description of New First Lien Notes ) relating to the collateral until such date as the principal amount of commitments outstanding under the Existing Cash Flow Facility is less than \$30.0 million. Thereafter, the Authorized First-Lien Collateral Agent (as defined in the Description of New First Lien Notes ) will be appointed by holders of a majority in aggregate outstanding principal amount of the series of First-Priority Lien Obligations (as defined in the Description of New First Lien Notes ) that is the largest principal amount of any such series, subject to the First-Lien Revolving Facility Collateral Agent continuing as the Authorized First-Lien Collateral Agent in certain cases. Because the holders of the New First Lien Notes cannot directly take enforcement action and, in any case, the collateral trustee must take instructions from the agent for the lenders under Verso's Existing Cash Flow Facility for enforcement when an event of default is continuing unless the loans

outstanding thereunder are less than \$30.0 million and the obligations owed to

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**Table of Contents**

holders of the New First Lien Notes are greater than the obligations owed to each class of permitted future secured creditors, there may be significant delays in taking effective action to enforce your security interest with respect to the collateral. Delays in enforcement could decrease or eliminate recovery values. By accepting a New First Lien Note, you will be deemed to have agreed to these restrictions. As a result of these restrictions, holders of the New First Lien Notes may not be able to act quickly or at all to have the collateral agent realize on the collateral in the event of a default with respect to the New First Lien Notes.

The New First Lien Notes will be secured by first-priority security interests in the Notes Priority Collateral (as defined in the Description of New First Lien Notes ) and by second-priority security interests in the ABL Priority Collateral (as defined in the Description of New First Lien Notes ), in each case subject to Permitted Liens (as defined in the Description of New First Lien Notes ). The indenture governing the New First Lien Notes will permit Verso to incur additional Other First-Priority Lien Obligations (as defined in the Description of New First Lien Notes ), which will be secured by liens that rank equally with the liens securing New First Lien Notes, the guarantees and the Existing Cash Flow Facility. Any such indebtedness may further limit the recovery from the realization of the value of such collateral available to satisfy holders of the New First Lien Notes. As of March 31, 2014, (a) the Existing ABL Facility had an outstanding balance of \$60.0 million, \$40.3 million in letters of credit issued and \$32.4 million for future borrowing and (b) the Existing Cash Flow Facility had an outstanding balance of \$38.0 million, no letters of credit issued and \$12.0 million available for future borrowing.

The total commitment under the Existing Cash Flow Facility is subject to increase at Verso's option by up to \$25.0 million of incremental commitments. The indenture governing the New First Lien Notes will also permit Verso to incur additional indebtedness under the Existing ABL Facility. The Existing ABL Facility will be entitled to be paid out of the proceeds of the ABL Priority Collateral upon an insolvency or enforcement action before the proceeds are applied to pay obligations with respect to the notes, the Existing Cash Flow Facility and the Other First-Priority Lien Obligations. The maximum committed amount under the Existing ABL Facility is subject to increase at Verso's option by up to the greater of (x) \$100.0 million and (y) the excess of the borrowing base over the amount of then-effective commitments at the time of such increase. The rights of the holders of the New First Lien Notes with respect to the ABL Priority Collateral will be substantially limited by the terms of the lien ranking agreements to be set forth in the indenture and the applicable intercreditor agreement, even during an event of default. Under the indenture and the applicable intercreditor agreement, at any time that obligations that have the benefit of the higher priority liens are outstanding, any actions that may be taken with respect to such collateral, including the ability to cause the commencement of enforcement proceedings against such collateral, to control the conduct of such proceedings and to approve releases of such collateral from the lien of such documents relating to such collateral, will be at the direction of the holders of the obligations secured by the first-priority liens, and the holders of the notes secured by the second-priority liens may be adversely affected. By accepting a New First Lien Note, you will be deemed to have agreed to these restrictions. As a result of these restrictions, holders of the New First Lien Notes may not be able to act quickly or at all to have the collateral agent realize on the collateral in the event of a default with respect to the notes. See The secured indebtedness under the Existing ABL Facility will be effectively senior to the New First Lien Notes to the extent of the value of the ABL Priority Collateral.

There may not be sufficient collateral to pay off all amounts Verso may borrow under the Existing ABL Facility, the Existing Cash Flow Facility, the New First Lien Notes, Verso's Existing First Lien Notes and additional indebtedness that Verso may incur that would be secured on the same basis as the notes. Liquidating the collateral securing the New First Lien Notes may not result in proceeds in an amount sufficient to pay any amounts due under the New First Lien Notes after also satisfying the obligations to pay any creditors with prior or pari passu liens, including the Existing Cash Flow Facility and any Other First-Lien Obligations. If the proceeds of any sale of collateral are not sufficient to repay all amounts due on the New First Lien Notes, the holders of the New First Lien Notes (to the extent not repaid from the proceeds of the sale of the collateral) would have only a senior unsecured, unsubordinated claim against

Verso s and the subsidiary guarantors remaining assets.

**Table of Contents**

***The secured indebtedness under the Existing ABL Facility will be effectively senior to the New First Lien Notes to the extent of the value of the ABL Priority Collateral.***

The Existing ABL Facility will be entitled to be paid out of the proceeds of the ABL Priority Collateral upon an insolvency or enforcement action before the proceeds are applied to pay obligations with respect to the New First Lien Notes and the Existing Cash Flow Facility. Holders of the indebtedness under Verso's ABL Priority Collateral will be entitled to receive proceeds from the realization of value of such collateral to repay such indebtedness in full before the holders of the New First Lien Notes and other obligations secured equally and ratably with the New First Lien Notes will be entitled to any recovery from such collateral. As a result, holders of the New First Lien Notes will only be entitled to receive proceeds from the realization of value of the ABL Priority Collateral after all indebtedness and other obligations under the Existing ABL Facility are repaid in full and then on an equal basis with obligations under the Existing Cash Flow Facility and any Other First-Priority Lien Obligations. The New First Lien Notes will be effectively junior in right of payment to indebtedness under the Existing ABL Facility to the extent of the realizable value of such collateral. As of March 31, 2014, the (a) Existing ABL Facility had an outstanding balance of \$60.0 million, \$40.3 million in letters of credit issued and \$32.4 million for future borrowing and (b) the Existing Cash Flow Facility had an outstanding balance of \$38.0 million, no letters of credit issued and \$12.0 million available for future borrowing. The maximum committed amount under the Existing ABL Facility is subject to increase at Verso's option by up to the greater of (x) \$100.0 million and (y) the excess of the borrowing base over the amount of then-effective commitments at the time of such increase. As of March 31, 2014, Verso had approximately \$132.7 million of assets constituting ABL Priority Collateral.

***Verso will in most cases have control over the collateral, and the sale of particular assets by Verso could reduce the pool of assets securing the notes and the guarantees.***

The collateral documents allow Verso to remain in possession of, retain exclusive control over, freely operate, and collect, invest and dispose of any income from, the collateral securing the notes and the guarantees.

In addition, Verso will not be required to comply with all or any portion of Section 314(d) of the Trust Indenture Act of 1939 (the "TIA") if Verso determines, in good faith based on advice of counsel, that, under the terms of that Section and/or any interpretation or guidance as to the meaning thereof of the SEC and its staff, including no action letters or exemptive orders, all or such portion of Section 314(d) of the TIA is inapplicable to the released collateral. For example, so long as no default or event of default under the indenture would result therefrom and such transaction would not violate the TIA, Verso may, among other things, without any release or consent by the indenture trustee, conduct ordinary course activities with respect to collateral, such as selling, factoring, abandoning or otherwise disposing of collateral and making ordinary course cash payments (including repayments of indebtedness). See Description of the New First Lien Notes.

***There are circumstances other than repayment or discharge of the New First Lien Notes under which the collateral securing the New First Lien Notes and guarantees will be released automatically, without your consent or the consent of the trustee.***

Under various circumstances, collateral securing the New Second Lien Notes will be released automatically, including:

a sale, transfer or other disposition of such collateral in a transaction not prohibited under the indenture;

with respect to collateral held by a guarantor, upon the release of such guarantor from its guarantee; and

with respect to collateral that is capital stock, upon the dissolution of the issuer of such capital stock in accordance with the indenture.

**Table of Contents**

Furthermore, the various intercreditor arrangements applicable to the New First Lien Notes, the guarantees and the liens securing them will generally impose significant limitations on the ability of holders of the New Second Lien Notes or the collateral agent to take enforcement actions with respect to such Liens until all obligations secured by senior-ranking liens are discharged. Therefore, until such time, the various agents and holders of senior lien obligations could take actions with respect to the collateral to which holders of New First Lien Notes might not give their consent.

In addition, the guarantee of a subsidiary guarantor will be automatically released to the extent it is released in connection with a sale of such subsidiary guarantor in a transaction not prohibited by the indenture.

The indenture governing the New First Lien Notes also permits Verso to designate one or more of its restricted subsidiaries that is a guarantor of the New First Lien Notes as an unrestricted subsidiary. If Verso designates a subsidiary guarantor as an unrestricted subsidiary for purposes of the indenture governing the New First Lien Notes, all of the liens on any collateral owned by such subsidiary or any of its subsidiaries and any guarantees of the New First Lien Notes by such subsidiary or any of its subsidiaries will be released under the indenture governing the New First Lien Notes. Designation of an unrestricted subsidiary will reduce the aggregate value of the collateral securing the New First Lien Notes to the extent that liens on the assets of the unrestricted subsidiary and its subsidiaries are released. In addition, the creditors of the unrestricted subsidiary and its subsidiaries will have a claim on the assets of such unrestricted subsidiary and its subsidiaries that is senior to the claim of the holders of the New Second Lien Notes. See Description of the New First Lien Notes Security for the Notes.

***The imposition of certain permitted liens will cause the assets on which such liens are imposed to be excluded from the collateral securing the New First Lien Notes and the guarantees. There are certain other categories of property that are also excluded from the collateral.***

The indenture governing the New First Lien Notes permits liens in favor of third parties to secure additional debt, including purchase money indebtedness and capital lease obligations, and any assets subject to such liens will be automatically excluded from the collateral securing the New First Lien Notes and the guarantees. Verso's ability to incur purchase money indebtedness and capital lease obligations is subject to the limitations as described in

Description of New First Lien Notes. In addition, certain categories of assets are excluded from the collateral securing the New First Lien Notes and the guarantees. Excluded assets include the assets of Verso's non-guarantor subsidiaries, securities of Verso's subsidiaries to the extent such liens would require financial statements of such subsidiaries pursuant to Rule 3-16 of Regulation S-X, certain properties that do not secure Verso's other indebtedness, leaseholds and motor vehicles, and the proceeds from any of the foregoing. See Description of the New First Lien Notes Security for the Notes. If an event of default occurs and the New First Lien Notes are accelerated, the New First Lien Notes and the guarantees will rank equally with the holders of other unsubordinated and unsecured indebtedness of the relevant entity with respect to such excluded property.

As of the date of this joint proxy and information statement/prospectus, Verso's non-guarantor subsidiaries did not have any material assets, except that (a) Verso Quinnesec REP LLC, an unrestricted subsidiary formed in connection with certain limited recourse financing, owns property, plant and equipment including a parcel of land at the Quinnesec mill on which certain renewable energy facilities were constructed for use by the mill under a long term lease, (b) Verso Androscoggin Power LLC, an unrestricted subsidiary formed in connection with a credit facility, owns four hydroelectric facilities and related electricity transmission equipment associated with our Androscoggin mill, and (c) Verso Bucksport Power LLC, an unrestricted subsidiary, owns a 72% undivided interest in a cogeneration power plant associated with our Bucksport mill. As of March 31, 2014, Verso Quinnesec REP LLC had assets of approximately \$20.1 million and liabilities of \$32.6 million, consisting in part of a \$23.3 million loan owed to Chase NMTC Verso Investment Fund LLC. See Description of Other Indebtedness Verso Quinnesec REP LLC and



Non-Core Energy Financing for a further description of the indebtedness of Verso Quinnesec REP LLC and Verso Androscoggin Power LLC.

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**Table of Contents**

***The pledge of the capital stock, other securities and similar items of Verso's subsidiaries that secure the New First Lien Notes will automatically be released from the lien on them and no longer constitute collateral to the extent and for so long as the pledge of such capital stock or such other securities would require the filing of separate financial statements with the SEC for that subsidiary.***

The New First Lien Notes and the guarantees are secured by a pledge of the stock and other securities of certain of Verso's subsidiaries. Under the SEC regulations in effect as of the issue date of the notes, if the par value, book value as carried by Verso or market value (whichever is greatest) of the capital stock, other securities or similar items of a subsidiary pledged as part of the collateral is greater than or equal to 20% of the aggregate principal amount of the New First Lien Notes then outstanding, such subsidiary would be required to provide separate financial statements to the SEC. Therefore, the indenture and the collateral documents that govern the New First Lien Notes provide that any capital stock and other securities of any of Verso's subsidiaries will be excluded from the collateral to the extent and for so long as the pledge of such capital stock or other securities to secure the New First Lien Notes would cause such subsidiary to be required to file separate financial statements with the SEC pursuant to Rule 3-16 of Regulation S-X (as in effect from time to time).

As a result, holders of the New First Lien Notes could lose a portion or all of their security interest in the capital stock or other securities of those subsidiaries. It may be more difficult, costly and time-consuming for holders of the New First Lien Notes to foreclose on the assets of a subsidiary than to foreclose on its capital stock or other securities, so the proceeds realized upon any such foreclosure could be significantly less than those that would have been received upon any sale of the capital stock or other securities of such subsidiary. See Description of the New First Lien Notes Security for the Notes.

***It may be difficult to realize the value of the collateral securing the New First Lien Notes.***

The collateral securing the New First Lien Notes is subject to any and all exceptions, defects, encumbrances, liens and other imperfections as may be accepted by the trustee for the New First Lien Notes, whether on or after the date the New First Lien Notes are issued. The existence of any such exceptions, defects, encumbrances, liens and other imperfections could adversely affect the value of the collateral securing the New First Lien Notes as well as the ability of the collateral agent to realize or foreclose on such collateral.

The security interest of the collateral agent is also subject to practical problems generally associated with the realization of security interests in the collateral. For example, the collateral agent may need to obtain the consent of a third party to obtain or enforce a security interest in a contract. Verso cannot assure you that the collateral agent will be able to obtain any such consent. Verso also cannot assure you that the consents of any third parties will be given when required to facilitate a foreclosure on such assets. Accordingly, the collateral agent may not have the ability to foreclose upon those assets and the value of the collateral may significantly decrease.

In addition, Verso's business requires numerous federal, state and local permits and licenses. Continued operation of properties that are the collateral for the New First Lien Notes depends on the maintenance of such permits and licenses may be prohibited. Verso's business is subject to substantial regulations and permitting requirements and may be adversely affected if Verso is unable to comply with existing regulations or requirements or changes in applicable regulations or requirements. In the event of foreclosure, the transfer of such permits and licenses may be prohibited or may require Verso to incur significant cost and expense. Further,

Verso cannot assure you that the applicable governmental authorities will consent to the transfer of all such permits. If the regulatory approvals required for such transfers are not obtained or are delayed, the foreclosure may be delayed, a temporary shutdown of operations may result and the value of the collateral may be significantly decreased.



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**Table of Contents**

***Verso's owned real properties will be mortgaged as security for the New First Lien Notes within 60 days of the issuance of the New First Lien Notes. Thus, at the time of the issuance of the New First Lien Notes, such liens will not yet be created or perfected. In addition, Verso's leased real property will not be mortgaged, no surveys will be delivered for non-mill sites, and no updates to existing surveys will be delivered as to the mill sites. In addition, no title insurance reports or policies will be delivered to the trustee in connection with the mortgages. There will be no independent assurance, therefore, among other things, that there are no liens other than those permitted by the indenture encumbering such real properties.***

While Verso expects that mortgages (together with legal opinions relating to the enforceability thereof and confirmatory subordinations from junior Second Lien secured parties) on the real property, improvements and fixtures, which secure the guarantees of the New First Lien Notes, will be delivered within 60 days of the issuance of the New First Lien Notes, such mortgages will not have been delivered or recorded as of the date of the issuance of the New First Lien Notes (and thus such liens will not yet be created or perfected), opinions and confirmatory lien subordinations will not have been delivered as of such date. Furthermore, no surveys have been or will be delivered for mortgaged properties that are not mill sites, no updates to existing surveys will be delivered as to the mill site properties and no title insurance will be obtained. As a result, there is and will be no independent assurance that, among other things, (a) the real property encumbered by the mortgages includes all of the property owned by Verso and its guarantors that it intended to include, (b) that Verso's title to such owned real property is not encumbered by liens and other defects not permitted by the New First Lien Notes Indenture and (c) no unpaid taxes, encroachments, adverse possession claims, zoning or other restrictions exist with respect to such owned real properties which could result in a material adverse effect on the value or utility of such owned real properties. Consequently, one or more of the mortgages granted at closing may need to be amended in the future in the event a discrepancy in the description of the real estate is discovered and/or Verso may need to take remedial action to resolve other matters that are disclosed by current title and lien searches. Verso will, however, represent that, (a) the real property encumbered by each mortgage includes the property owned by Verso and Verso's guarantors that it was intended to include, (b) Verso owns the rights to the owned real properties that it purports to own in each mortgage and that Verso's title to such owned real property is not encumbered by liens not permitted by the indenture governing the New First Lien Notes, and (c) no liens, claims or interests exist with respect to such owned real properties other than as permitted by the indenture governing the New First Lien Notes.

***Delivery of security interests in certain collateral after the issue date increases the risk that the mortgages or other security interests could be avoidable in bankruptcy.***

Certain collateral, including real property and after-acquired property, was and will be secured after the issue date of the New First Lien Notes. If the grantor of such security interest were to become subject to a bankruptcy proceeding, any mortgage or security interest in certain collateral delivered after the issue date of the New First Lien Notes would face a greater risk than security interests in place on the issue date of being avoided by the pledgor (as debtor in possession) or by its trustee in bankruptcy as a preference under bankruptcy law if certain events or circumstances exist or occur, including if the pledgor is insolvent at the time of the pledge, the pledge permits the holders of the New First Lien Notes to receive a greater recovery than if the pledge had not been given and a bankruptcy proceeding in respect of the pledgor is commenced within 90 days following the pledge, or, in certain circumstances, a longer period. To the extent that the grant of any such mortgage or other security interest is avoided as a preference, you would lose the benefit of the mortgage or security interest.

***State law may limit the ability of the trustee and the holders of the New First Lien Notes to foreclose on real property and improvements included in the collateral.***

The New First Lien Notes will be secured by, among other things, liens on real property and improvements located in various states. State laws may limit the ability of the collateral agent to foreclose on the improved real property collateral located therein. State laws govern the perfection, enforceability and foreclosure of mortgage liens against real property which secure debt obligations such as the New First Lien Notes. These laws may impose procedural requirements for foreclosure different from and necessitating a longer time period for

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**Table of Contents**

completion than the requirements for foreclosure of security interests in personal property. Debtors may have the right to reinstate defaulted debt (even if it has been accelerated) before the foreclosure date by paying the past due amounts and a right of redemption after foreclosure. Governing law may also impose security first and one form of action rules, which rules can affect the ability to foreclose or the timing of foreclosure on real and personal property collateral regardless of the location of the collateral and may limit the right to recover a deficiency following a foreclosure.

The holders of the New First Lien Notes and the trustee also may be limited in their ability to enforce a breach of the no liens covenant. Some decisions of certain state courts have placed limits on a lender's ability to accelerate debt as a result of a breach of this type of a covenant. Under these decisions, a lender seeking to accelerate debt secured by real property upon breach of covenants prohibiting the creation of certain junior liens or leasehold estates may need to demonstrate that enforcement is reasonably necessary to protect against impairment of the lender's security or to protect against an increased risk of default. Although the foregoing court decisions may have been preempted, at least in part, by certain federal laws, the scope of such preemption, if any, is uncertain. Accordingly, a court could prevent the trustee and the holders of the New First Lien Notes from declaring a default and accelerating the New First Lien Notes by reason of a breach of this covenant, which could have a material adverse effect on the ability of holders to enforce the covenant.

***The holders of New First Lien Notes may be subject to possible equitable subordination or recharacterization in the event of a bankruptcy or insolvency.***

In the event of Verso's bankruptcy or insolvency, a party in interest may seek to subordinate the New First Lien Notes under the principles of equitable subordination or recharacterization of the New First Lien Notes as equity. There can be no assurance as to the outcome of such proceedings. The bankruptcy court will find equitable subordination if the court determines that (a) the holders of New First Lien Notes engaged in some type of inequitable conduct, (b) the inequitable conduct resulted in injury to Verso's other creditors or conferred an unfair advantage upon the holders of New First Lien Notes and (c) equitable subordination is not inconsistent with the provisions of the U.S. Bankruptcy Code. In the event a court subordinates the claims represented by the New First Lien Notes or recharacterizes them as equity, Verso cannot assure you that you would recover any amounts owing on the New First Lien Notes and you may be required to return any payments made to you on account of the New First Lien Notes, potentially up to six years prior to Verso's bankruptcy. In addition, should the court equitably subordinate or recharacterize the notes as equity, you may not be able to enforce the guarantees.

***The collateral is subject to casualty risks.***

Verso intends to continue to maintain insurance or otherwise insure against hazards in a manner appropriate and customary for Verso's business. There are, however, certain losses that may be either uninsurable or not economically insurable, in whole or in part. Insurance proceeds may not compensate Verso fully for its losses. If there is a complete or partial loss of any of the pledged collateral, the insurance proceeds may not be sufficient to satisfy all of the secured obligations, including the New First Lien Notes and the guarantees.

***Your rights in the collateral may be adversely affected by the failure to perfect security interests in collateral.***

Applicable law requires that a security interest in certain tangible and intangible assets can only be properly perfected and its priority retained through certain actions undertaken by the secured party. The liens in the collateral securing the New First Lien Notes may not be perfected with respect to the claims of the New First Lien Notes if the collateral agent or its designee or predecessor is not able to take the actions necessary to perfect any of these liens on or prior to the date of the indenture governing the New First Lien Notes. In addition, applicable law requires that certain property and rights acquired after the grant of a general security interest, such as real property, equipment subject to a

certificate and certain proceeds, can only be perfected at the time such property and rights are acquired and identified. Verso and its guarantors have limited obligations to perfect the

**Table of Contents**

noteholders' security interest in specified collateral. There can be no assurance that the trustee or the collateral agent for the New First Lien Notes will monitor, or that Verso will inform such trustee or collateral agent of, the future acquisition of property and rights that constitute collateral, and that the necessary action will be taken to properly perfect the security interest in such after-acquired collateral. The collateral agent for the New First Lien Notes has no obligation to monitor the acquisition of additional property or rights that constitute collateral or the perfection of any security interest. Such failure may result in the loss of the security interest in the collateral or the priority of the security interest in favor of the New First Lien Notes against third parties.

***Bankruptcy laws may limit your ability to realize value from the collateral.***

The right of the collateral agent to repossess and dispose of the collateral upon the occurrence of an event of default under the indenture governing the New First Lien Notes is likely to be significantly impaired by applicable bankruptcy law if a bankruptcy case were to be commenced by or against Verso before the collateral agent repossessed and disposed of the collateral. Upon the commencement of a case under the bankruptcy code, a secured creditor such as the collateral agent is prohibited from repossessing its security from a debtor in a bankruptcy case, or from disposing of security repossessed from such debtor, without bankruptcy court approval, which may not be given.

Moreover, the bankruptcy code permits the debtor to continue to retain and use collateral even though the debtor is in default under the applicable debt instruments, provided that the secured creditor is given adequate protection. The meaning of the term adequate protection may vary according to circumstances, but it is intended in general to protect the value of the secured creditor's interest in the collateral as of the commencement of the bankruptcy case and may include cash payments or the granting of additional security if and at such times as the bankruptcy court in its discretion determines that the value of the secured creditor's interest in the collateral is declining during the pendency of the bankruptcy case. A bankruptcy court may determine that a secured creditor may not require compensation for a diminution in the value of its collateral if the value of the collateral exceeds the debt it secures. In view of the lack of a precise definition of the term adequate protection and the broad discretionary power of a bankruptcy court, it is impossible to predict:

how long payments under the New First Lien Notes could be delayed following commencement of a bankruptcy case;

whether or when the collateral agent could repossess or dispose of the collateral;

the value of the collateral at the time of the bankruptcy petition; or

whether or to what extent holders of the New First Lien Notes would be compensated for any delay in payment or loss of value of the collateral through the requirement of adequate protection.

Any disposition of the collateral during a bankruptcy case would also require permission from the bankruptcy court. Furthermore, in the event a bankruptcy court determines the value of the collateral is not sufficient to repay all amounts due on debt which is to be repaid first out of the proceeds of collateral, the holders of the New First Lien Notes would hold a secured claim to the extent of the value of such collateral to that the holders of the New First Lien Notes are entitled and unsecured claims with respect to such shortfall. The bankruptcy code only permits the payment and accrual of post-petition interest, costs and attorney's fees to a secured creditor during a debtor's bankruptcy case to



the extent the value of its collateral is determined by the bankruptcy court to exceed the aggregate outstanding principal amount of the obligations secured by the collateral.

**Table of Contents**

**Risks Relating to Verso's Indebtedness Following the Merger**

***Verso and its subsidiaries will incur substantial additional indebtedness in connection with the Merger and Verso may not be able to meet all of Verso's debt obligations.***

In connection with the Merger, Verso expects to incur up to \$1,453 million of additional debt. Verso will issue \$650 million in aggregate principal amount of New First Lien Notes upon consummation of the Merger and NewPage has borrowed \$750 million under the NewPage Term Loan Facility prior to the consummation of the Merger. In addition, as of March 31, 2014, NewPage had \$53 million in outstanding borrowings under the NewPage ABL Facility. Because the borrowers and guarantors under the NewPage Term Loan Facility will not guarantee the obligations under the Verso debt securities and credit facilities, Verso's obligations under the New First Lien Notes will be structurally subordinated to the obligations under the NewPage Term Loan Facility, to the extent of the value of the assets of the NewPage Subsidiaries. As of March 31, 2014, on a pro forma basis, Verso would have approximately \$2,753 million of indebtedness outstanding and Verso Holdings would have approximately \$2,777 million of indebtedness outstanding.

Verso and its subsidiaries' substantial indebtedness following the Merger could have material adverse consequence for Verso's business and may:

require Verso to dedicate a large portion of Verso's cash flow to pay principal and interest on its indebtedness, which will reduce the availability of Verso's cash flow to fund working capital, capital expenditures, research and development expenditures and other business activities;

limit Verso's flexibility in planning for, or reacting to, changes in its business and the industry in which Verso operates;

restrict Verso's ability to make strategic acquisitions, dispositions or exploiting business opportunities;

place Verso at a competitive disadvantage compared to its competitors that have less debt; and

limit Verso's ability to borrow additional funds (even when necessary to maintain adequate liquidity) or dispose of assets.

Verso and its subsidiaries may not generate sufficient cash flow to meet Verso's debt obligations and fund its additional liquidity needs following the Merger.

***Verso and its subsidiaries may still be able to incur substantially more indebtedness following the Merger, which could further exacerbate the risks associated with Verso's substantial leverage.***

Following the Merger, Verso may be able to incur substantial additional indebtedness under the Existing ABL Facility, the Existing Cash Flow Facility, the NewPage ABL Facility, the NewPage Term Loan Facility, and any additional debt facilities Verso may enter into. If new indebtedness is added following the Merger, the related risks that Verso faces may intensify.

***The credit agreements that govern the NewPage ABL Facility or the NewPage Term Loan Facility may restrict Verso's ability to respond to changes or to take certain actions following the Merger.***

The credit agreements that govern the NewPage ABL Facility or the NewPage Term Loan Facility following the Merger contain a number of restrictive covenants that impose operating and financial restrictions, and may limit Verso's ability to engage in acts that may be in its long-term best interests, including, among other things, restrictions on its ability to incur debt, incur liens, pay dividends or make certain restricted payments, prepay, redeem or repurchase certain indebtedness, make investments, enter into mergers, consolidations or asset dispositions and engage in transactions with affiliates. In addition, the credit agreement that governs the NewPage ABL Facility requires NewPage to conditionally maintain a minimum fixed charge coverage ratio.

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**Table of Contents**

**DESCRIPTION OF OTHER INDEBTEDNESS**

*Verso summarizes below the principal terms of the agreements that govern its current long term indebtedness. This summary is not a complete description of all of the terms of the agreements.*

**Existing ABL Facility**

On May 4, 2012, Verso Holdings entered into its Existing ABL Facility which provides borrowing availability equal to the lesser of (a) \$150.0 million or (b) the borrowing base described below. The Existing ABL Facility has a five-year term unless, on any of the dates that is 91 days prior to the earliest scheduled maturity of certain of Verso's indebtedness in an aggregate principal amount in excess of \$100.0 million of indebtedness under its existing Old Floating Rate Notes, its Old Subordinated Notes, or amounts borrowed under the Verso Finance term loan, as applicable, is outstanding, in which case the Existing ABL Facility will mature on such earlier date.

In addition, Verso may request one or more incremental revolving commitments in an aggregate principal amount up to the greater of (a) \$100.0 million and (b) the excess of the borrowing base over the amount of the then-effective commitments under the Existing ABL Facility.

The borrowing base will be, at any time of determination, an amount (net of reserves) equal to the sum of

85% of the amount of eligible accounts, plus

the lesser of (i) 80% of the net book value of eligible inventory and (ii) 85% of the net orderly liquidation value of eligible inventory.

The Existing ABL Facility includes borrowing capacity available for letters of credit and for borrowings on same-day notice, referred to as swingline loans.

The borrowings under the Existing ABL Facility bear interest at a rate equal to an applicable margin plus, as determined at Verso's option, either (a) a base rate (the ABR Rate) determined by reference to the highest of (1) the U.S. federal funds rate plus 0.50%, (2) the prime rate of Citibank, N.A. or one of its affiliates, as administrative agent, and (3) the adjusted LIBOR for a one-month interest period plus 1.00%, and (b) a eurocurrency rate (LIBOR) determined by reference to the costs of funds for eurocurrency deposits in dollars in the London interbank market for the interest period relevant to such borrowing adjusted for certain additional costs. From and after the date of delivery of Verso Holdings' financial statements covering a period of at least three full months after the effective date of the Existing ABL Facility, the applicable margin for such borrowings is adjusted monthly depending on the availability under the Existing ABL Facility. As of March 31, 2014, the applicable margin for advances under the Existing ABL Facility was 1.25% for base rate advances and 2.25% for LIBOR advances.

In addition to paying interest on outstanding principal under the Existing ABL Facility, Verso is required to pay a commitment fee to the lenders in respect of the unutilized commitments thereunder at a rate equal to 0.375% or 0.500%, based on the average daily utilization under the Existing ABL Facility. Verso also pays a customary letter-of-credit fee, including a fronting fee of 0.250% per annum of the stated amount of each outstanding letter of credit, and customary agency fees.

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Verso may voluntarily repay outstanding loans under the Existing ABL Facility at any time without premium or penalty, other than customary breakage costs with respect to eurocurrency loans.

The Existing ABL Facility contains a number of covenants that, among other things, restrict, subject to certain exceptions, Verso Holdings' ability, and the ability of its subsidiaries, to:

sell assets;

incur additional indebtedness;

**Table of Contents**

repay other indebtedness;

pay dividends and distributions or repurchase its capital stock;

create liens on assets;

make investments, loans, guarantees or advances;

make certain acquisitions;

engage in mergers or consolidations;

enter into sale/leaseback transactions;

engage in certain transactions with affiliates;

amend certain material agreements governing its indebtedness;

amend its organizational documents;

change the business conducted by Verso and its subsidiaries; and

enter into agreements that restrict dividends from subsidiaries.

In addition, the Existing ABL Facility requires Verso Holdings to maintain a minimum fixed-charge coverage ratio at any time when the average availability is less than the greater of (a) 10% of the lesser of (i) the borrowing base at such time and (ii) the aggregate amount of revolving facility commitments at such time, or (b) \$10.0 million. In that event, Verso Holdings must satisfy a minimum fixed-charge coverage ratio of 1.0 to 1.0. The Existing ABL Facility also contains certain other customary affirmative covenants and events of default. As of March 31, 2014, the fixed-charge coverage ratio requirement was not in effect, and Verso Holdings was in compliance with its covenants.

All obligations under the Existing ABL Facility are unconditionally guaranteed by Verso Finance and each of Verso Holdings' existing and future direct and indirect wholly owned domestic subsidiaries which are not unrestricted subsidiaries, controlled foreign corporation holding companies or designated immaterial subsidiaries; provided, however, that the NewPage Subsidiaries will not guarantee the obligations under the Existing ABL Facility. The guarantees of those obligations are secured by substantially all of Verso Holdings' assets and those of each domestic guarantor, including a pledge of Verso's capital stock, capital stock of the subsidiary guarantors and 65% of the capital stock of domestic subsidiaries that are controlled foreign corporation holding companies and the first-tier foreign

subsidiaries that are not subsidiary guarantors. Such security interest consists of a first-priority lien with respect to the ABL Priority Collateral and a second-priority lien with respect to the Notes Priority Collateral (each as defined in the Senior Secured Notes Indenture (as defined below)).

As of March 31, 2014, the Existing ABL Facility had an outstanding balance of \$60 million, \$40.3 million in letters of credit issued and \$32.4 million available for future borrowings.

### **Existing Cash Flow Facility**

On May 4, 2012, Verso Holdings and entered into a \$50.0 million Existing Cash Flow Facility. The Existing Cash Flow Facility has a five-year term unless, on any of the dates that is 91 days prior to the earliest scheduled maturity of certain of Verso's indebtedness in an aggregate principal amount in excess of \$100.0 million of indebtedness under its Old Floating Rate Notes, its Old Subordinated Notes or amounts borrowed under the Verso Finance's term loan, as applicable, is outstanding, in which case the Existing Cash Flow Facility will mature on such earlier date.

In addition, Verso may request one or more incremental revolving commitments in an aggregate principal amount up to \$25.0 million.

**Table of Contents**

The Existing Cash Flow Facility includes borrowing capacity available for letters of credit.

The borrowings under the Existing Cash Flow Facility bear interest at a rate equal to an applicable margin plus, as determined at Verso's option, either (a) an ABR Rate determined by reference to the highest of (1) the U.S. federal funds rate plus 0.50%, (2) the prime rate of Credit Suisse, AG, as administrative agent, and (3) the adjusted LIBOR for a one-month interest period plus 1.00%, and (b) a LIBOR determined by reference to the costs of funds for eurocurrency deposits in dollars in the London interbank market for the interest period relevant to such borrowing adjusted for certain additional costs. From and after the date of delivery of Verso Holdings' financial statements covering a period of at least three full months after the effective date of the Existing Cash Flow Facility, the applicable margin for such borrowings will be adjusted quarterly depending on the total net first-lien leverage ratio under the Existing Cash Flow Facility. As of March 31, 2014, the applicable margin for advances under the Existing Cash Flow Facility was 3.75% for base rate advances and 4.75% for LIBOR advances.

In addition to paying interest on outstanding principal under the Existing Cash Flow Facility, Verso is required to pay a commitment fee to the lenders in respect of the unutilized commitments thereunder at an initial rate equal to 0.625% per annum. Verso also pays a customary letter-of-credit fee, including a fronting fee of 0.250% per annum of the stated amount of each outstanding letter of credit, and customary agency fees.

Verso may voluntarily repay outstanding loans under the Existing Cash Flow Facility at any time without premium or penalty, other than customary breakage costs with respect to eurocurrency loans.

The Existing Cash Flow Facility contains a number of covenants that, among other things, restrict, subject to certain exceptions, Verso Holdings' ability, and the ability of its subsidiaries, to:

sell assets;

incur additional indebtedness;

repay other indebtedness;

pay dividends and distributions or repurchase its capital stock;

create liens on assets;

make investments, loans, guarantees or advances;

make certain acquisitions;

engage in mergers or consolidations;



enter into sale/leaseback transactions;

engage in certain transactions with affiliates;

amend certain material agreements governing its indebtedness;

amend its organizational documents;

change the business conducted by Verso and its subsidiaries; and

enter into agreements that restrict dividends from subsidiaries.

In addition, the Existing Cash Flow Facility requires Verso Holdings to maintain a maximum total net first-lien leverage ratio at any time when there are revolving loans or letters of credit outstanding. In that event, Verso Holdings must maintain a total net first-lien leverage ratio of not more than 3.50 to 1.00. The Existing Cash Flow Facility also contains certain other customary affirmative covenants and events of default. As of March 31, 2014, Verso Holdings was in compliance with its covenants.

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**Table of Contents**

All obligations under the Existing Cash Flow Facility are unconditionally guaranteed by Verso Finance and each of Verso Holdings' existing and future direct and indirect wholly owned domestic subsidiaries which are not unrestricted subsidiaries, controlled foreign corporation holding companies or designated immaterial subsidiaries; provided, however, that the NewPage Subsidiaries will not guarantee the obligations under the Existing Cash Flow Facility. The guarantees of those obligations are secured by substantially all of Verso Holdings' assets and those of each domestic guarantor, including a pledge of its capital stock, capital stock of the subsidiary guarantors and 65% of the capital stock of domestic subsidiaries that are controlled foreign corporation holding companies and the first-tier foreign subsidiaries that are not subsidiary guarantors, in each case subject to exceptions. Such security interest consists of a first-priority lien, *pari passu* with the Existing First Lien Notes, with respect to the Notes Priority Collateral and a second-priority lien with respect to the ABL Priority Collateral (each as defined in the indenture governing the Existing First Lien Notes).

As of March 31, 2014, the Existing Cash Flow Facility had an outstanding balance of \$38.0 million, no letters of credit issued, and \$12.0 million available for future borrowing.

**Amendments to Existing ABL Facility and Existing Cash Flow Facility in Contemplation of the Merger**

On January 3, 2014 Verso Holdings entered the Credit Agreement Amendments. Under the Credit Agreement Amendments, (a) the lenders under each of Verso's Existing ABL Facility and Existing Cash Flow Facility consented to the Merger and the other transactions contemplated by the Merger Agreement, including the incurrence of certain indebtedness in connection therewith, (b) the lenders consented to amendments to allow the sale and/or financing of certain non-core assets, and (c) the parties agreed to amend Verso's Existing ABL Facility and its Existing Cash Flow Facility to allow for certain other transactions upon the consummation of the Merger and the other transactions contemplated by the Merger Agreement. The pricing terms, maturities and commitments under Verso's Existing ABL Facility and its Existing Cash Flow Facility remain unchanged.

**11.75% Senior Secured Notes due 2019**

As of March 31, 2014, Verso had approximately \$417.9 million aggregate principal amount of its Existing First Lien Notes outstanding.

Interest is payable semi-annually on the Existing First Lien Notes. All of the Existing First Lien Notes are guaranteed by Verso Holdings' direct and indirect restricted subsidiaries (other than Verso Paper Inc., Bucksport Leasing LLC and Verso Quinnesec REP LLC) that are wholly owned domestic subsidiaries on the issue date and that guarantee indebtedness under Verso's Existing ABL Facility and the Existing Cash Flow Facility. The Existing First Lien Notes will mature on January 15, 2019; provided that, if as of 45 days prior to the maturity date of Verso's Old Subordinated Notes, more than \$100.0 million of such Old Subordinated Notes remains outstanding, the Existing First Lien Notes will mature on that day.

The indenture governing the Existing First Lien Notes contains various covenants which limit its ability to, among other things, incur additional indebtedness; pay dividends or make other distributions or repurchase or redeem its stock; make investments; sell assets, including capital stock of restricted subsidiaries; enter into agreements restricting its subsidiaries' ability to pay dividends; consolidate, merge, sell or otherwise dispose of all or substantially all of its assets; enter into transactions with its affiliates; and incur liens. Subject to certain exceptions, the indenture governing its Existing First Lien Notes permits Verso Holdings and its restricted subsidiaries to incur additional indebtedness, including secured indebtedness. As of March 31, 2014, Verso Holdings was in compliance with all such covenants.

**11.75% Secured Notes due 2019**

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As of March 31, 2014, Verso had approximately \$271.6 million aggregate principal amount of 11.75% Secured Notes due 2019 outstanding (the Secured Notes ).

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## **Table of Contents**

Interest is payable semi-annually on the Secured Notes. All of the Secured Notes are guaranteed by the same subsidiaries that guarantee Verso's Existing First Lien Notes.

All of the Secured Notes are secured by security interests in the same Collateral that secure the Existing First Lien Notes and its guarantees. Such security interests will rank junior in priority to the security interests that secure the Existing First Lien Notes and the guarantees, as well as the security interests that secure the Existing ABL Facility and the Existing Cash Flow Facility.

The indenture governing Verso's Secured Notes contains various covenants which limit its ability to, among other things, incur additional indebtedness; pay dividends or make other distributions or repurchase or redeem its stock; make investments; sell assets, including capital stock of restricted subsidiaries; enter into agreements restricting its subsidiaries' ability to pay dividends; consolidate, merge, sell or otherwise dispose of all or substantially all of its assets; enter into transactions with its affiliates; and incur liens. Subject to certain exceptions, the indenture governing its Secured Notes will permit Verso Holdings and its restricted subsidiaries to incur additional indebtedness, including secured indebtedness. As of March 31, 2014, Verso Holdings was in compliance with all such covenants.

### **New Second Lien Notes**

In the Second Lien Notes Exchange Offer, Verso will offer up to \$396.0 million aggregate principal amount of its New Second Lien Notes, as well as the Verso Warrants, in exchange for any and all outstanding Old Second Lien Notes.

Interest will be payable semi-annually on the New Second Lien Notes. All Verso's obligations under the New Second Lien Notes will be fully and unconditionally and jointly and severally guaranteed by Verso Holdings' direct and indirect restricted subsidiaries that are wholly owned domestic subsidiaries on the issue date and that guarantee indebtedness under its Existing ABL Facility and its Existing Cash Flow Facility, which include all its subsidiaries other than Verso Paper Inc., Verso Maine Power Holdings LLC, Verso Androscoggin Power LLC, Verso Bucksport Power LLC, Bucksport Leasing LLC and Verso Quinnesec REP LLC. Following the consummation of the Merger, the New Second Lien Notes will be guaranteed by NewPage Holdings. However, NewPage Holdings is a holding company without any assets or operations other than interests in its subsidiaries. The New Second Lien Notes will not be guaranteed by the NewPage Subsidiaries, nor will any of the assets of the NewPage Subsidiaries constitute collateral for the New Second Lien Notes.

Prior to the consummation of the Merger, the New Second Lien Notes will have substantially the same terms as the Old Second Lien Notes in that: the New Second Lien Notes will have their original principal amount, will bear interest at a rate of 8.75% per annum, will mature on February 1, 2019 and will be governed by covenants that are substantially the same as the covenants currently governing the Old Second Lien Notes. If the Merger does not occur, the New Second Lien Notes will retain their original principal amount and these same terms.

Upon the consummation of the Merger, (i) the principal amount of the outstanding New Second Lien Notes will be adjusted such that a holder of \$1,000 principal amount of New Second Lien Notes immediately prior to the Merger will hold \$668.75 principal amount of New Second Lien Notes immediately following the Merger, subject to adjustment based on participation in the Second Lien Notes Exchange Offer (as described below), (ii) the maturity date of the New Second Lien Notes will be extended to August 1, 2020, (iii) the interest rate will be adjusted such that the New Second Lien Notes will bear interest at a rate of 10% per annum entirely in cash plus 3% per annum ( Second Lien Notes PIK Interest ) entirely by increasing the principal amount of the outstanding New Second Lien Notes or by issuing additional New Second Lien Notes ( Second Lien PIK Notes ) from and after the date of the consummation of the Merger, (iv) certain other amendments to the terms of the New Second Lien Notes will be effected, and (v) the

Verso Warrants will have been mandatorily converted into shares of Verso common stock.

**Table of Contents**

The principal amount of New Second Lien Notes following the Merger per \$1,000 principal amount of New Second Lien Notes prior to the Merger will be adjusted based on participation in the Second Lien Notes Exchange Offer as follows:

Percentage of Aggregate Principal Amount of Old Second Lien Notes Participating in the Second Lien Notes Exchange Offer	Principal Amount of New Second Lien Notes Following the Merger per \$1,000 Principal Amount of New Second Lien Notes Prior to the Merger
75%	\$593.75
80%	\$608.75
85%	\$623.75
90%	\$638.75
95%	\$653.75
100%	\$668.75

If holders in the aggregate tender a percentage of Old Second Lien Notes that is not set forth in the table above, holders will receive the principal amount corresponding to the closest lower percentage (e.g., if 87.5% of the Old Second Lien Notes are tendered, holders will receive the principal amount corresponding to 85%).

All of the New Second Lien Notes will be secured by security interest in the same collateral that secures the Existing First Lien Notes and its guarantees, subject to certain exclusions. Such security interest will rank junior in priority to the security interests that secure the Existing First Lien Notes, the Secured Notes, the Existing ABL Facility and the Existing Cash Flow Facility. Upon the consummation of the Merger, the security interests in the collateral securing the New Second Lien Notes will also rank junior to those securing Verso's New First Lien Notes. The New Second Lien Notes will be structurally subordinated to the obligations under the NewPage ABL Facility and the NewPage Term Loan Facility.

The indenture governing the New Second Lien Notes will contain various covenants that will limit Verso's ability to, among other things, incur additional indebtedness; pay dividends or make other distributions or repurchase or redeem its stock; make investments; sell assets, including capital stock of restricted subsidiaries; enter into agreements restricting its subsidiaries' ability to pay dividends; consolidate, merge, sell or otherwise dispose of all or substantially all of its assets; enter into transactions with its affiliates; and incur liens. Subject to certain exceptions, the indenture governing the New Second Lien Notes will permit Verso Holdings and its restricted subsidiaries to incur additional indebtedness, including secured indebtedness.

**New Subordinated Notes**

In the Subordinated Notes Exchange Offer, Verso will offer up to \$142.5 million aggregate principal amount of its New Subordinated Notes in exchange for any and all outstanding Old Subordinated Notes.

Interest will be payable semi-annually on the New Subordinated Notes. All Verso's obligations under the New Subordinated Notes will be fully and unconditionally and jointly and severally guaranteed by Verso Holdings' direct and indirect restricted subsidiaries that are wholly owned domestic subsidiaries on the issue date and that guarantee indebtedness under its Existing ABL Facility and its Existing Cash Flow Facility, which include all its subsidiaries

other than Verso Paper Inc., Verso Maine Power Holdings LLC, Verso Androscoggin Power LLC, Verso Bucksport Power LLC, Bucksport Leasing LLC and Verso Quinnesec REP LLC. Following the consummation of the Merger, the New Subordinated Notes will be guaranteed by NewPage Holdings. However, NewPage Holdings is a holding company without any assets or operations other than interests in its subsidiaries and the New Subordinated Notes will not be guaranteed by the NewPage Subsidiaries.

Prior to the consummation of the Merger, the New Subordinated Notes will have substantially the same terms as the Old Subordinated Notes in that the New Subordinated Notes will have their original principal amount, will bear interest at a rate of 11  $\frac{3}{8}$ % per annum, will mature on August 1, 2016 and will be governed by covenants that

**Table of Contents**

are substantially the same as the covenants currently governing the Old Subordinated Notes. If the Merger does not occur, the New Subordinated Notes will retain their original principal amount and these same terms.

Upon the consummation of the Merger, (i) the principal amount of the outstanding New Subordinated Notes will be adjusted such that a holder of \$1,000 principal amount of New Subordinated Notes immediately prior to the Merger will hold \$710 principal amount of New Subordinated Notes immediately following the Merger, subject to adjustment based on participation in the Subordinated Notes Exchange Offer (as described below), (ii) the maturity date of the New Second Lien Notes will be extended to August 1, 2020, (iii) the interest rate will be adjusted such that the New Second Lien Notes will bear interest from and after the date of the consummation of the Merger at a rate of 11% per annum entirely in cash plus 5% per annum ( Subordinated Notes PIK Interest ) payable entirely by increasing the principal amount of the outstanding New Subordinated Notes or by issuing additional New Subordinated Notes ( Subordinated PIK Notes ), (iv) certain other amendments to the terms of the New Subordinated Notes will be effected, and (v) the Verso Warrants will have been mandatorily converted into shares of Verso common stock.

The principal amount of New Subordinated Notes following the Merger per \$1,000 principal amount of New Subordinated Notes prior to the Merger will be adjusted based on participation in the Subordinated Notes Exchange Offer as follows:

Percentage of Aggregate Principal Amount of Old Subordinated Notes Participating in the Subordinated Notes	Principal Amount of New Subordinated Notes Following the Merger per \$1,000 Principal Amount of New Subordinated Notes Prior to the Merger
70%	\$620
75%	\$635
80%	\$650
85%	\$665
90%	\$680
95%	\$695
100%	\$710

If holders in the aggregate tender a percentage of Old Subordinated Notes that is not set forth in the table above, holders will receive the principal amount set forth next to the highest percentage set forth above that is below the actual amount tendered.

The indenture governing the New Subordinated Notes will contain various covenants that will limit Verso's ability to, among other things, incur additional indebtedness; pay dividends or make other distributions or repurchase or redeem its stock; make investments; sell assets, including capital stock of restricted subsidiaries; enter into agreements restricting its subsidiaries' ability to pay dividends; consolidate, merge, sell or otherwise dispose of all or substantially all of its assets; enter into transactions with its affiliates; and incur liens. Subject to certain exceptions, the indenture governing the New Subordinated Notes will permit Verso Holdings and its restricted subsidiaries to incur additional indebtedness, including secured indebtedness.

**Old Second Lien Notes**



As of March 31, 2014, Verso had outstanding approximately \$396.0 million aggregate principal amount of its Old Second Lien Notes. The Old Second Lien Notes bear interest, payable semi-annually, at the rate of 8.75% per year. The Old Second Lien Notes are guaranteed jointly and severally by each of Verso Holdings' subsidiaries, subject to certain exceptions, and the notes and guarantees are senior secured obligations of Verso Holdings and the guarantors, respectively. The Old Second Lien Notes and related guarantees are secured by second-priority security interests, subject to permitted liens, in substantially all of Verso Holdings' and the guarantors' tangible and intangible assets, excluding securities of Verso Holdings' affiliates. The Old Second Lien Notes will mature on February 1, 2019.

On July 2, 2014, the Verso Issuers launched and, subsequently on July 24, 2014, amended the Second Lien Notes Exchange Offer. See Exchange Offer Transactions.

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**Table of Contents****Old Subordinated Notes**

As of March 31, 2014, Verso had approximately \$142.5 million aggregate principal amount of its Old Subordinated Notes. The Old Subordinated Notes bear interest, payable semi-annually, at the rate of 11 3/8 % per year. The Old Subordinated Notes are guaranteed jointly and severally by each of Verso Holdings' subsidiaries, subject to certain exceptions, and the notes and guarantees are unsecured senior subordinated obligations of Verso Holdings and the guarantors, respectively. The Old Subordinated Notes will mature on August 1, 2016.

On July 2, 2014, the Verso Issuers launched and, subsequently on July 24, 2014, amended the Subordinated Notes Exchange Offer. See Exchange Offer Transactions.

**Second Priority Senior Secured Floating Rate Notes**

As of March 31, 2014, Verso had \$13.3 million aggregate principal amount of Old Floating Rate Notes outstanding. The Old Floating Rate Notes bear interest, payable quarterly, at a rate equal to LIBOR plus 3.75% per year. As of March 31, 2014, the interest rate on the Old Floating Rate Notes was 3.99% per year. The Old Floating Rate Notes are guaranteed by the same subsidiaries that will guarantee the additional exchange notes. As of May 8, 2012, the Old Floating Rate Notes are no longer secured by any collateral. The Old Floating Rate Notes will mature on August 1, 2014.

**Verso Quinnesec REP LLC**

On December 29, 2010, Verso Holdings' wholly owned subsidiary, Verso Quinnesec REP LLC, entered into a financing transaction with the Chase NMTC Verso Investment Fund LLC (the Investment Fund), a consolidated variable interest entity. Under this arrangement, Verso Holdings loaned \$23.3 million to Verso Finance, which funds were invested in the \$23.3 million aggregate principal amount of a 6 1/2% loan due December 31, 2040, issued by the Investment Fund. The Investment Fund then contributed the loan proceeds to certain Community Development Entities, or CDEs, who, in turn, loaned the funds on similar terms to Verso Quinnesec REP LLC as partial financing for the renewable energy project at Verso's mill in Quinnesec, Michigan. As of both March 31, 2014, and December 31, 2013, Verso Holdings had a \$23.3 million long-term receivable due from Verso Finance, representing these funds and accrued interest receivable of \$0.1 million, while the Investment Fund had an outstanding loan of \$23.3 million due to Verso Finance and accrued interest payable of \$0.1 million. In addition, for the three months ended March 31, 2014 and 2013, Verso Holdings recognized interest income from Verso Finance of \$0.4 million and the Investment Fund recognized interest expense to Verso Finance of \$0.4 million.

**Non-Core Energy Financing**

On May 5, 2014, acting through our wholly owned subsidiary, Verso Androscoggin Power LLC, or VAP, we entered into a credit agreement providing for a \$40 million revolving credit facility with Barclays Bank PLC and Credit Suisse AG, Cayman Islands Branch. Borrowings thereunder may be used (a) to provide cash dividends and other cash distributions to VAP's sole member, Verso Maine Power Holdings LLC, or VMPH, and our other subsidiaries, (b) for ongoing working capital for VAP, and (c) for other general corporate purposes. Borrowings under the credit facility will bear interest at a rate equal to an applicable margin plus, at the option of VAP, either (a) a base rate determined by reference to the highest of the U.S. federal funds rate plus 0.5% the prime rate of the administrative agent, and the adjusted LIBOR for a one-month interest period plus 1.00%, or (b) a eurocurrency rate, or LIBOR, determined by reference to the cost of funds for eurocurrency deposits in dollars in the London interbank market for the interest period relevant to such borrowing adjusted for certain additional costs. Prior to November 5, 2014, the applicable margin for advances under the credit facility is 2.00% for base rate advances and 3.00% for LIBOR advances. On and

after November 5, 2014, the applicable margin for advances under the credit facility will be 3.00% for base rate advances and 4.00% for LIBOR advances. The credit facility will mature on the earliest to occur of (a) May 5, 2015, (b) the date that is 30 days after the consummation of the Merger, and (c) the date that is 60 days after the termination of the Merger Agreement or

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**Table of Contents**

the abandonment of the Merger; however, upon written notice by VAP to the administrative agent, VAP may request that the commitments under the credit facility be converted to extend the maturity date for consenting lenders. The debt outstanding under the credit facility is secured by substantially all of VAP's assets, which consist principally of four hydroelectric facilities associated with our Androscoggin mill and related electricity transmission equipment. VMPH guarantees the payment of the debt outstanding under the credit facility, and its guaranty is secured by a pledge of its equity interest in VAP.

**NewPage Term Loan Facility*****General***

On February 11, 2014, NewPage Corporation entered into the NewPage Term Loan Facility which provided a senior secured term loan facility in an aggregate principal amount of \$750 million with a maturity of seven years.

In addition, NewPage Corporation may request one or more incremental term loan facilities in an aggregate amount of up to the sum of (x) \$100 million plus (y) such additional amount so long as, (i) in the case of loans under additional credit facilities with liens that rank *pari passu* with the liens on the collateral securing the NewPage Term Loan Facility, a consolidated net first lien senior secured leverage ratio of NewPage Corporation and its restricted subsidiaries (the NewPage Entities) would be no greater than 2.50 to 1.00 and (ii) in the case of loans under additional credit facilities with liens that rank junior to the liens on the collateral securing the NewPage Term Loan Facility, a consolidated total net secured leverage ratio (excluding debt outstanding under the NewPage ABL Facility) of the NewPage Entities would be no greater than 3.00 to 1.00, subject to certain conditions and receipt of commitments by existing or additional lenders.

Proceeds of the NewPage Term Loan Facility were used to repay NewPage's former \$500 million term loan facility and to pay the Recapitalization Dividend to NewPage's stockholders.

***Interest Rates***

Borrowings under the NewPage Term Loan Facility bear interest at a rate equal to, at NewPage Corporation's option, either (a) a LIBOR rate (subject to a LIBOR floor of 1.25%) plus a margin of 8.25% for the interest period relevant to such borrowing, adjusted for certain additional costs or (b) a base rate determined by reference to the highest of (i) the federal funds rate plus 0.50%, (ii) the prime rate of Credit Suisse AG and (iii) the one-month adjusted LIBOR rate plus 1.00%, in each case of (i), (ii) and (iii) plus a margin of 7.25%.

***Amortization and Prepayments***

The NewPage Term Loan Facility requires no amortization payments until the eighteen month anniversary of the closing date, and will thereafter require quarterly amortization payments, in an amount equal to (i) 1.25% per quarter until the three year anniversary of the closing date, (ii) 1.875% per quarter until the four year anniversary of the closing date, and (ii) 2.50% per quarter until the maturity date, with the balance due on the maturity date.

The NewPage Term Loan Facility is subject to mandatory prepayments in amounts equal to:

100% of the net cash proceeds of indebtedness by the NewPage Entities (other than indebtedness permitted under the NewPage Term Loan Facility);

100% of the net cash proceeds of any non-ordinary course sale or other disposition of assets by the NewPage Entities (including as a result of casualty or condemnation) (with customary exceptions, thresholds, and reinvestment rights of up to 12 months or 18 months if contractually committed to within 12 months); and

**Table of Contents**

75% of excess cash flow for each fiscal year beginning with the fiscal year ending December 31, 2015, subject to possible step-downs based on total net first lien leverage ratio thresholds.

NewPage Corporation has the right to prepay loans under the NewPage Term Loan Facility at any time without premium or penalty, other than customary breakage costs with respect to LIBOR rate loans, subject, however, to a prepayment premium for optional prepayments of the NewPage Term Loan Facility with a new or replacement term loan facility with an effective interest rate less than that applicable to the NewPage Term Loan Facility equal to (i) 3.00% if prepaid prior to the first anniversary of the closing date, (ii) 2.00% if prepaid on or after the first anniversary of the closing date and prior to the second anniversary of the closing date and (iii) 1.00% if prepaid on or after the second anniversary of the closing date and prior to the third anniversary of the closing date. However, if the Merger Agreement is terminated in accordance with its terms, the NewPage Term Loan Facility may be prepaid with no premium or penalty within 30 days.

***Collateral and Guarantors***

The NewPage Term Loan Facility is fully and unconditionally guaranteed on a joint and several basis by all of NewPage Corporation's existing and future direct and indirect wholly owned material domestic restricted subsidiaries, subject to certain exceptions, and by NewPage Investment Company LLC (Holdings), NewPage Corporation's direct parent (collectively, the Guarantors). Amounts outstanding under the NewPage Term Loan Facility are secured by substantially all of the assets of NewPage Corporation and the Guarantors, subject to certain exceptions. The security interest with respect to the NewPage Term Loan Facility consists of a first-priority lien with respect to all collateral other than the ABL Priority Collateral (as defined below) (the NewPage Term Loan Priority Collateral) and a second-priority lien with respect to the ABL Priority Collateral (as defined below).

***Restrictive Covenants and Other Matters***

The NewPage Term Loan Facility requires NewPage Corporation to maintain a maximum total net leverage ratio on the last day of any fiscal quarter when loans are outstanding under the NewPage Term Loan Facility. The initial maximum total net leverage ratio threshold is 4.10 to 1.00 through the fiscal quarter ending September 30, 2014, stepping down every year thereafter to a maximum total net leverage ratio threshold of 3.50 to 1.00 for the fiscal quarter ending December 31, 2019 and thereafter.

The NewPage Term Loan Facility contains certain additional covenants that, among other things, and subject to certain exceptions, restrict NewPage Corporation and its restricted subsidiaries' ability to incur additional debt or liens, pay dividends, repurchase common stock, prepay other indebtedness, sell, transfer, lease, or dispose of assets and make investments in or merge with another company. The NewPage Term Loan Facility also contains covenants applicable to Holdings that, among other things, and subject to certain exceptions, limit Holdings' ability to incur additional debt or liens and require Holdings to continue to directly own 100% of the equity interests of NewPage Corporation.

The NewPage Term Loan Facility provides for customary events of default, including a cross-event of default provision in respect of any other existing debt instruments having an aggregate principal amount exceeding \$50 million, subject to applicable threshold, notice and grace period provisions. If an event of default occurs, the lenders under the NewPage Term Loan Facility are entitled to accelerate the advances made thereunder and exercise rights against the collateral.

The negative covenants in the NewPage Term Loan Facility contain carve-outs to allow payments pursuant to the Shared Services Agreement and the distribution of certain other amounts to Verso and its subsidiaries. NewPage Investment Company LLC is not bound by any financial or negative covenants contained in the NewPage Term Loan

Facility, other than certain passive activity covenants including, with respect to the incurrence of liens on and the pledge of NewPage Corporation's capital stock and with respect to the maintenance of its existence.

## **Table of Contents**

### **NewPage ABL Facility**

#### ***General***

On February 11, 2014, NewPage Corporation entered into the NewPage ABL Facility which provides a senior secured asset-based revolving facility in an aggregate principal amount of \$350 million with a maturity of five years, including both a letter of credit sub-facility and a swingline loan sub-facility.

In addition, NewPage Corporation may request one or more increases in commitments in an aggregate amount of up to the greater of (x) \$200 million and (y) the excess of the borrowing base over the amount of the then-effective commitments under the NewPage ABL Facility.

All borrowings under the NewPage ABL Facility are subject to the satisfaction of customary conditions, including the absence of a default and the accuracy of representations and warranties.

The NewPage ABL Facility replaced NewPage's former \$350 million revolving credit facility for general corporate purposes, and proceeds of the NewPage ABL Facility will be used to pay certain transaction costs and expenses in connection with the Merger.

#### ***Interest Rates and Fees***

Amounts drawn under the NewPage ABL Facility bear annual interest at either the LIBOR rate plus a margin of 1.75% to 2.25% or at a base rate plus a margin of 0.75% to 1.25%. The interest rate margins on the NewPage ABL Facility are subject to adjustments based on the average availability of the NewPage ABL Facility. The initial margins for borrowings under the NewPage ABL Facility are 2.00% in the case of LIBOR rate loans and 1.00% in the case of base rate loans.

The commitment fee payable on the unused portion of the NewPage ABL Facility equals 0.375% or 0.50% based on the average availability of the NewPage ABL Facility. NewPage Corporation has also agreed to pay customary letter of credit fees.

#### ***Prepayments***

NewPage Corporation may voluntarily repay outstanding loans under the NewPage ABL Facility at any time, without prepayment premium or penalty, subject to customary breakage costs with respect to LIBOR rate loans.

#### ***Collateral and Guarantors***

The NewPage ABL Facility is fully and unconditionally guaranteed on a joint and several basis by the Guarantors. Amounts outstanding under the NewPage ABL Facility are secured by substantially all of the assets of NewPage Corporation and the Guarantors, subject to certain exceptions. The security interest with respect to the NewPage ABL Facility will consist of a first-priority lien with respect to most inventory, accounts receivable, bank accounts, and certain other assets of NewPage Corporation and the Guarantors (the ABL Priority Collateral) and a second-priority lien with respect to the Term Loan Priority Collateral.

#### ***Restrictive Covenants and Other Matters***



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Under the NewPage ABL Facility, NewPage Corporation is subject to a springing minimum fixed charge coverage ratio of 1.00 to 1.00 at any time when excess availability is less than the greater of (a) 10% of the lesser of (i) the borrowing base at such time and (ii) the aggregate amount of commitments at such time or (b) \$20 million.

The NewPage ABL Facility contains certain additional covenants that, among other things, and subject to certain exceptions, restrict NewPage Corporation's and its restricted subsidiaries' ability to incur additional debt or liens, pay dividends, repurchase common stock, prepay other indebtedness, sell, transfer, lease, or dispose of

## **Table of Contents**

assets and make investments in or merge with another company. The NewPage ABL Facility also contains covenants applicable to Holdings that, among other things, and subject to certain exceptions, limit Holdings' ability to incur additional debt or liens and require Holdings to continue to directly own 100% of the equity interests of NewPage Corporation.

The NewPage ABL Facility provides for customary events of default, including a cross-event of default provision in respect of any other existing debt instruments having an aggregate principal amount exceeding \$50 million, subject to applicable threshold, notice and grace period provisions. If an event of default occurs, the lenders under the NewPage Term Loan Facility are entitled to accelerate the advances made thereunder and exercise rights against the collateral.

The negative covenants in the NewPage ABL Facility contain carve-outs to allow payments pursuant to the Shared Services Agreement and the distribution of certain other amounts to Verso and its subsidiaries. NewPage Investment Company LLC is not bound by any financial or negative covenants contained in the NewPage ABL Facility, other than certain passive activity covenants including, with respect to the incurrence of liens on and the pledge of NewPage Corporation's capital stock and with respect to the maintenance of its existence.

## **Financing Transactions in Connection with the Merger**

As described above, on January 3, 2014, in connection with the entry into the Merger Agreement, Verso entered into the Credit Agreement Amendments. Under the Credit Agreement Amendments, (a) the lenders under each of Verso's Existing ABL Facility and Existing Cash Flow Facility consented to the Merger and the other transactions contemplated by the Merger Agreement, including the incurrence of certain indebtedness in connection therewith, (b) the lenders consented to amendments to allow the sale and/or financing of certain non-core assets, and (c) the parties agreed to amend Verso's Existing ABL Facility and Verso's Existing Cash Flow Facility to allow for certain other transactions upon the consummation of the Merger and the other transactions contemplated by the Merger Agreement. The pricing terms, maturities and commitments under Verso's Existing ABL Facility and Verso's Existing Cash Flow Facility remain unchanged.

On February 11, 2014, NewPage borrowed \$750 million under the NewPage Term Loan Facility and replaced its former \$350 million asset-based loan facility with the NewPage ABL Facility.

At the time of the closing of the Merger, Verso expects to issue \$650 million in aggregate principal amount of New First Lien Notes to the current shareholders of NewPage as part of the Merger Consideration.

The issuers and guarantors of Verso's debt securities (including the New First Lien Notes) and the borrower and guarantors of Verso's credit facilities do *not* guarantee the obligations under the NewPage Term Loan Facility and the NewPage ABL Facility, and the borrower and guarantors under the NewPage Term Loan Facility and the NewPage ABL Facility will *not* guarantee the obligations under Verso's debt securities and credit facilities. As a result, following the consummation of the Merger, the holders of Verso's debt securities (including the New First Lien Notes) will be structurally subordinated to the obligations under the NewPage Term Loan Facility and the NewPage ABL Facility to the extent of the value of the assets of the NewPage Subsidiaries. Upon the consummation of the Merger, NewPage Holdings Inc. (but not the NewPage Subsidiaries) will guarantee Verso's debt securities (other than any remaining Old Second Lien Notes and Old Subordinated Notes) and Verso's credit facilities.

## **Exchange Offer Transactions**

On July 2, 2014, the Verso Issuers launched and, subsequently on July 24, 2014, amended offers to exchange (a) New Second Lien Notes and Verso Warrants for any and all outstanding Old Second Lien Notes and (b) New Subordinated

Notes and Verso Warrants for any and all outstanding Old Subordinated Notes.

**Table of Contents**

In connection with the Exchange Offers, the Verso Issuers are also soliciting consents to amend the Old Second Lien Notes, the Old Subordinated Notes and the indentures governing the Old Second Lien Notes and the Old Subordinated Notes. The proposed amendments, which require the consent of a majority in outstanding aggregate principal amount of the Old Second Lien Notes and Old Subordinated Notes, respectively, will eliminate or waive substantially all of the restrictive covenants, eliminate certain events of default, modify covenants regarding mergers and transfer of assets, and modify or eliminate certain other provisions. In addition, the consents with respect to the Old Second Lien Notes will authorize a release of the liens and security interests in the collateral securing the Old Second Lien Notes. In order to be effected, the collateral release must be consented to by the holders of at least two-thirds in outstanding aggregate principal amount of the Old Second Lien Notes.

Prior to the consummation of the Merger, (i) the New Second Lien Notes will have substantially the same terms as the Old Second Lien Notes in that the New Second Lien Notes will have their original principal amount, will bear interest at a rate of 8.75% per annum, will mature on February 1, 2019 and will be governed by covenants that are substantially the same as the covenants currently governing the Old Second Lien Notes, and (ii) the New Subordinated Notes will have substantially the same terms as the Old Subordinated Notes in that the New Subordinated Notes will have their original principal amount, will bear interest at a rate of 11  $\frac{3}{8}$ % per annum, will mature on August 1, 2016 and will be governed by covenants that are substantially the same as the covenants currently governing the Old Subordinated Notes. If the Merger does not occur, the New Second Lien Notes and the New Subordinated Notes will retain their original principal amount and these same terms.

Upon the consummation of the Merger, (i) the principal amount of the outstanding New Second Lien Notes will be adjusted such that a holder of \$1,000 principal amount of New Second Lien Notes immediately prior to the Merger will hold \$668.75 principal amount of New Second Lien Notes immediately following the Merger, subject to adjustment based on participation in the Second Lien Notes Exchange Offer (as described below), and the principal amount of the outstanding New Subordinated Notes will be adjusted such that a holder of \$1,000 principal amount of New Subordinated Notes immediately prior to the Merger will hold \$710 principal amount of New Subordinated Notes immediately following the Merger subject to adjustment based on participation in the Subordinated Notes Exchange Offer (as described below), (ii) the maturity date of the New Second Lien Notes will be extended to August 1, 2020 and the maturity date of the New Subordinated Notes will be extended to August 1, 2020, (iii) the New Second Lien Notes interest rate will be adjusted such that the New Second Lien Notes will bear interest from and after the date of the consummation of the Merger at a rate of 10% per annum entirely in cash plus Second Lien Notes PIK Interest, (iv) the New Subordinated Notes interest rate will be adjusted such that the New Subordinated Notes will bear interest from and after the date of the consummation of the Merger at a rate of 11% per annum entirely in cash plus Subordinated Notes PIK Interest, (v) certain other amendments to the terms of the New Second Lien Notes and New Subordinated Notes will be effected and (vi) the Verso Warrants have been mandatorily converted into shares of Verso common stock.

The principal amount of New Second Lien Notes following the Merger per \$1,000 principal amount of New Second Lien Notes prior to the Merger will be adjusted based on participation in the Second Lien Notes Exchange Offer as follows:

Percentage of Aggregate Principal	Principal Amount of New Second Lien
Amount of Old Second Lien Notes	Notes Following the Merger per \$1,000
Participating in the Second Lien Notes	Principal Amount of New Second Lien

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Exchange Offer	Notes Prior to the Merger
75%	\$593.75
80%	\$608.75
85%	\$623.75
90%	\$638.75
95%	\$653.75
100%	\$668.75

**Table of Contents**

If holders in the aggregate tender a percentage of Old Second Lien Notes that is not set forth in the table above, holders will receive the principal amount corresponding to the closest lower percentage (e.g., if 87.5% of the Old Second Lien Notes are tendered, holders will receive the principal amount corresponding to 85%).

The principal amount of New Subordinated Notes following the Merger per \$1,000 principal amount of New Subordinated Notes prior to the Merger will be adjusted based on participation in the Subordinated Notes Exchange Offer as follows:

Percentage of Aggregate Principal Amount of Old Subordinated Notes Participating in the Subordinated Notes Exchange Offer	Principal Amount of New Subordinated Notes Following the Merger per \$1,000 Principal Amount of New Subordinated Notes Prior to the Merger
70%	\$620
75%	\$635
80%	\$650
85%	\$665
90%	\$680
95%	\$695
100%	\$710

If holders in the aggregate tender a percentage of Old Subordinated Notes that is not set forth in the table above, holders will receive the principal amount corresponding to the closest lower percentage (e.g., if 87.5% of the Old Subordinated Notes are tendered, holders will receive the principal amount corresponding to 85%).

The Verso Warrants will be issued pursuant to the Warrant Agreement as of the date of the consummation of the Second Lien Notes Exchange Offer and the Subordinated Notes Exchange Offer. The Verso Warrants will entitle an eligible holder to acquire shares of Verso common stock representing, as of immediately after the consummation of the Merger, such holder's pro rata portion (based on such holder's pro rata portion of the Old Second Lien Notes or New Subordinated Notes) of 15% or 6.670%, respectively, of the total number of outstanding shares of Verso common stock, determined on a fully diluted basis. Each Verso Warrant will be convertible into one share of Verso common stock. The Verso Warrants will be mandatorily convertible into shares of Verso common stock without payment of consideration (and will not otherwise be convertible) immediately prior to the closing of the Merger and the issuance of shares of Verso common stock as part of the Merger Consideration. No fractional shares of Verso common stock will be issued upon conversion of the Verso Warrants. If, upon conversion of the Verso Warrants, a holder would be entitled to receive a fractional interest in a share, such fractional interest will be rounded up to the nearest whole number of shares of Verso common stock to be issued to the Verso Warrant holder. If the Merger is terminated, the Verso Warrants will be void and of no value and will cease to be convertible into shares of Verso common stock.

Neither the Verso Warrants nor the shares of Verso common stock issuable in respect of such Verso Warrants have been registered under the Securities Act or any other securities laws and, unless so registered, may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws.

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The consummation of the Second Lien Notes Exchange Offer is conditioned upon, among other things, the valid tender, and not withdrawal, of at least 75% in aggregate principal amount of outstanding Old Second Lien Notes.

The consummation of the Subordinated Notes Exchange Offer is conditioned upon, among other things, the valid tender, and not withdrawal, of at least 70% in aggregate principal amount of outstanding Old Subordinated Notes.

It is not a condition of the Second Lien Notes Exchange Offer that the Subordinated Notes Exchange Offer is consummated, and it is not a condition of the Subordinated Notes Exchange Offer that the Second Lien Notes Exchange Offer is consummated.

**Table of Contents**

Additionally, the New Second Lien Notes and the New Subordinated Notes will be subject to registration rights agreements.

Unless otherwise specified in this joint proxy and information statement/prospectus, we have assumed that all outstanding Old Second Lien Notes and all outstanding Old Subordinated Notes will be exchanged, that \$396.0 million aggregate principal amount of New Second Lien Notes and \$142.5 million aggregate principal amount of New Subordinated Notes will be issued in the Exchange Offer Transactions, and that approximately 18.8 million shares of Verso common stock will be issued upon the mandatory conversion of the Verso Warrants immediately prior to the closing of the Merger.

As of the date of this joint proxy and information statement/prospectus, Verso has not obtained the Verso Junior Noteholder Consent or consummated the Exchange Offer Transactions, and Verso may not be able to obtain the Verso Junior Noteholder Consent or consummate the Exchange Offer Transactions on the current terms or at all, in which case the Merger may not close.



**Table of Contents**

**REGARDING FORWARD-LOOKING STATEMENTS**

A number of the statements made in this joint proxy and information statement/prospectus are forward-looking statements within the meaning of the Private Securities Litigation Reform Act, Section 27A of the Securities Act and Section 21E of the Exchange Act. Forward-looking statements are all statements made in this joint proxy and information statement/prospectus, other than statements of historical fact. In some cases, forward-looking statements can be identified by terminology such as anticipates, believes, estimates, expects, intends, may, plans, would, and similar expressions or expressions of the negative of these terms. These statements include statements regarding the intent, belief or current expectations of each of Verso and NewPage and their respective subsidiaries, their directors and their officers with respect to, among other things, future events, including the Merger, the respective financial results and financial trends expected to impact each of Verso and NewPage prior to the completion of the Merger, or if the Merger is not completed, and expected to impact Verso thereafter, assuming the Merger is completed.

Forward-looking statements are based upon certain underlying assumptions, including any assumptions mentioned with the specific statements, as of the date such statements were made. Such assumptions are in turn based upon internal estimates and analyses of market conditions and trends, management plans and strategies, economic conditions and other factors. Forward-looking statements and the assumptions underlying them are necessarily subject to risks and uncertainties inherent in projecting future conditions and results. Factors that could cause actual results to differ materially from these forward-looking statements include, but are not limited to, those set forth under Risk Factors beginning on page 47, and those set forth under Forward-Looking Statements or Risk Factors.

Verso and NewPage caution you not to place undue reliance on the forward-looking statements, which speak only as of the date of this joint proxy and information statement/prospectus in the case of forward-looking statements contained in this joint proxy and information statement/prospectus. Except as may be required by law, neither Verso nor NewPage has any obligation to update or alter these forward-looking statements, whether as a result of new information, future events or otherwise.

Verso and NewPage expressly qualify in their entirety all forward-looking statements attributable to Verso or NewPage or any person acting on either of their respective behalf by the cautionary statements contained or referred to in this section.

**Table of Contents****SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF VERSO AND VERSO HOLDINGS****Selected Historical Consolidated Financial Data of Verso**

The following table presents summary historical consolidated financial and operating data for Verso as of and for the fiscal years ended December 31, 2013, 2012, 2011, 2010, and 2009 and as of and for the three months ended March 31, 2014 and 2013. The selected historical financial information presented below for each of the five years ended December 31, 2013 has been derived from Verso's audited consolidated financial statements. The selected historical financial information presented below for the three months ended March 31, 2014 and 2013 has been derived from Verso's unaudited interim condensed consolidated financial statements. In the opinion of Verso's management, the unaudited interim financial data include all adjustments, consisting of only normal non-recurring adjustments, considered necessary for a fair presentation of this information.

The information should be read in conjunction with Verso's consolidated financial statements and the related notes thereto and the information under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in this joint proxy and information statement/prospectus.

	Three Months Ended			Year Ended December 31,			
	March 31,	March 31,	December 31,	December 31,	December 31,	December 31,	December 31,
	2014	2013	2013	2012	2011	2010	2009
<b>(Dollars in millions)</b>							
<b>Statements of Operations</b>							
<b>Data:</b>							
Net sales	\$ 299.1	\$ 333.2	\$ 1,388.9	\$ 1,474.6	\$ 1,722.5	\$ 1,605.3	\$ 1,360.9
<b>Costs and expenses:</b>							
Cost of products sold (exclusive of depreciation, amortization and depletion)	302.3	291.8	1,179.1	1,272.6	1,460.3	1,410.8	1,242.7
Depreciation, amortization, and depletion	25.7	26.0	104.7	118.2	125.3	127.4	132.7
Selling, general, and administrative expenses	17.6	18.8	73.8	74.4	78.0	71.0	61.9
Goodwill impairment					18.7		
Restructuring charges		1.0	1.4	102.4	24.5		1.0
Total operating expenses	345.6	337.6	1,359.0	1,567.6	1,706.8	1,609.2	1,438.3
Other operating income(1)		(3.3)	(4.0)	(60.6)			
<b>Operating (loss) income</b>	(46.5)	(1.1)	33.9	(32.4)	15.7	(3.9)	(77.4)
Interest income					(0.1)	(0.1)	(0.3)
Interest expense	34.5	34.7	137.8	135.4	126.6	128.1	123.4
Other loss (income), net(2)	9.6	2.6	7.9	7.4	26.1	(0.9)	(307.3)
<b>(Loss) income before income taxes</b>							
Income tax (benefit) expense	(90.6)	(38.4)	(111.8)	(175.2)	(136.9)	(131.0)	106.8
			(0.6)	(1.4)	0.2	0.1	0.8

<b>Net (loss) income</b>	\$ (90.6)	\$ (38.4)	\$ (111.2)	\$ (173.8)	\$ (137.1)	\$ (131.1)	\$ 106.0
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**Table of Contents**

	Three Months Ended		2013	Year Ended December 31,			
	2014	2013		2012	2011	2010	2009
<b>(Dollars in millions, except per share amounts)</b>							
<b>Per Share Data:</b>							
(Loss) earnings per common share:							
Basic	\$ (1.70)	\$ (0.72)	\$ (2.09)	\$ (3.29)	\$ (2.61)	\$ (2.50)	\$ 2.03
Diluted	(1.70)	(0.72)	(2.09)	(3.29)	(2.61)	(2.50)	2.03
Weighted average common shares outstanding (in thousands):							
Basic	53,188	52,976	53,124	52,850	52,595	52,445	52,138
Diluted	53,188	52,976	53,124	52,850	52,595	52,445	52,153
<b>Statement of Cash Flows Data:</b>							
Cash (used in) provided by operating activities	\$ (96.3)	\$ (83.2)	\$ (27.7)	\$ 12.0	\$ 14.5	\$ 73.5	\$ 177.2
Cash (used in) provided by investing activities	(8.8)	32.9	(13.8)	(7.1)	(66.2)	(98.3)	(34.1)
Cash (used in) provided by financing activities	98.0	1.5	(8.7)	(38.3)	(6.2)	25.5	(110.5)
<b>Balance Sheet Data (end of period):</b>							
Cash and cash equivalents	\$ 4.2	\$ 12.7	\$ 11.3	\$ 61.5	\$ 94.9	\$ 152.8	\$ 152.1
Working capital(3)	96.9	108.9	63.4	110.3	142.6	162.4	210.6
Property, plant, and equipment, net	722.1	761.8	742.9	793.0	934.7	972.7	1,022.6
Total assets	1,062.8	1,131.7	1,098.6	1,208.9	1,421.5	1,516.1	1,572.7
Total debt	1,346.2	1,259.4	1,248.5	1,257.0	1,262.5	1,228.6	1,192.4
Total (deficit) equity	(507.2)	(358.9)	(417.3)	(321.7)	(153.9)	(6.8)	125.3

- (1) Other operating income in 2012 reflected insurance proceeds in excess of costs and property damages incurred of \$60.6 million, as we reached a final settlement agreement with our insurance provider for property and business losses resulting from the fire and explosion at the former Sartell mill.
- (2) Other income was \$307.3 million for the year ended December 31, 2009, which included \$238.9 million in net benefits from alternative fuel mixture tax credits provided by the U.S. government for our use of black liquor in alternative fuel mixtures and \$64.8 million in net gains related to the early retirement of debt.
- (3) Working capital is defined as current assets net of current liabilities, excluding the current portion of long-term debt.

**Table of Contents****Selected Historical Consolidated Financial Data of Verso Holdings**

The following table presents selected historical consolidated financial and operating data for Verso Holdings as of and for the fiscal years ended December 31, 2013, 2012, 2011, 2010, and 2009 and as of and for the three months ended March 31, 2014 and 2013. The selected historical financial information presented below for each of the five years ended December 31, 2013 has been derived from Verso Holdings' audited consolidated financial statements. The selected historical financial information presented below for the three months ended March 31, 2014 and 2013 has been derived from Verso Holdings' unaudited interim condensed consolidated financial statements. In the opinion of Verso Holdings' management, the unaudited interim financial data include all adjustments, consisting of only normal non-recurring adjustments, considered necessary for a fair presentation of this information.

The information should be read in conjunction with Verso Holdings' consolidated financial statements and the related notes thereto and the information under the heading Management's Discussion and Analysis of Financial Condition and Results of Operations included in this joint proxy and information statement/prospectus.

(Dollars in millions)	Three Months Ended		Year Ended December 31,				
	March 31, 2014	2013	2013	2012	2011	2010	2009
<b>Statement of Operations</b>							
<b>Data:</b>							
Net sales	\$ 299.1	\$ 333.2	\$ 1,388.9	\$ 1,474.6	\$ 1,722.5	\$ 1,605.3	\$ 1,360.9
<b>Costs and expenses:</b>							
Cost of products sold (exclusive of depreciation, amortization, and depletion)	302.3	291.8	1,179.1	1,272.6	1,460.3	1,410.8	1,242.7
Depreciation, amortization, and depletion	25.7	26.0	104.7	118.2	125.3	127.4	132.7
Selling, general, and administrative expenses	17.6	18.8	73.8	74.4	78.0	70.9	61.7
Goodwill impairment					10.5		
Restructuring and other charges		1.0	1.4	102.4	24.5		1.0
Total operating expenses	345.6	337.6	\$ 1,359.0	\$ 1,567.6	\$ 1,698.6	\$ 1,609.1	\$ 1,438.1
Other operating income(1)		(3.3)	(4.0)	(60.6)			
<b>Operating (loss) income</b>	(46.5)	(1.1)	33.9	(32.4)	23.9	(3.8)	(77.2)
Interest income	(0.4)	(0.4)	(1.5)	(1.5)	(1.6)	(0.1)	(0.2)
Interest expense	34.9	34.4	138.7	127.9	122.2	122.5	116.1
Other loss (income), net(2)	9.6	2.6	7.9	7.4	25.8	(0.7)	(273.8)

<b>Net (loss) income</b>	\$ (90.6)	\$ (37.7)	\$ (111.2)	\$ (166.2)	\$ (122.5)	\$ (125.5)	\$ 80.7
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**Statement of Cash Flows****Data:**

Cash (used in) provided by operating activities	\$ (96.3)	\$ (83.0)	\$ (27.5)	\$ 11.3	\$ 14.6	\$ 75.8	\$ 180.1
Cash (used in) provided by investing activities	(8.8)	32.9	(13.8)	(7.1)	(66.2)	(98.3)	(34.1)
Cash (used in) provided by financing activities	98.1	1.3	(9.0)	(37.6)	(6.3)	25.4	(115.8)

**Balance Sheet Data:**

Cash and cash equivalents	\$ 4.2	\$ 12.6	\$ 11.2	\$ 61.5	\$ 94.8	\$ 152.7	\$ 149.8
Working capital(3)	97.0	109.0	63.4	111.4	142.9	162.3	210.4
Property, plant, and equipment, net	722.1	761.8	742.9	793.0	934.7	972.7	1,022.6
Total assets	1,086.2	1,155.1	1,121.9	1,232.3	1,444.4	1,530.5	1,560.3
Total debt	1,369.5	1,282.7	1,271.8	1,187.1	1,201.1	1,172.7	1,118.3
Total (deficit) equity	(501.0)	(352.1)	(411.1)	(220.6)	(61.2)	71.4	198.0

**Table of Contents**

- (1) Other operating income in 2012 reflected insurance proceeds in excess of costs and property damages incurred of \$60.6 million, as we reached a final settlement agreement with our insurance provider for property and business losses resulting from the fire and explosion at the former Sartell mill.
- (2) Other income was \$273.8 million for the year ended December 31, 2009, which included \$238.9 million in net benefits from alternative fuel mixture tax credits provided by the U.S. government for our use of black liquor in alternative fuel mixtures and \$31.3 million in net gains related to the early retirement of debt.
- (3) Working capital is defined as current assets net of current liabilities, excluding the current portion of long-term debt.

**Table of Contents****SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF NEWPAGE AND PREDECESSOR****Selected Financial Data**

The implementation of the Chapter 11 plan and the application of fresh start accounting materially changed the carrying amounts and classifications reported in our consolidated financial statements and resulted in our becoming a new entity for financial reporting purposes. Accordingly, the consolidated financial statements of the Predecessor Company will not be comparable to the consolidated financial statements of the Successor Company. For additional information regarding the impact of the implementation of the Chapter 11 plan and the application of fresh start accounting see Note 1 to the consolidated financial statements of NewPage beginning on page M-11. For purposes of this section, references to we, us and our refer to NewPage Holdings Inc. and its direct and indirect subsidiaries.

The following table sets forth historical consolidated financial information as of and for each of the five years ended December 31, 2013, 2012, 2011, 2010, and 2009 and the three months ended March 31, 2014 and 2013.

(in millions, except per share amounts for Successor) (a)	Successor			Predecessor			
	Three Months Ended Mar. 31,			Year Ended Dec. 31,			
	2014	2013	Year Ended Dec. 31, 2013	2012	2011	2010	2009
Net sales	\$ 757	\$ 756	\$ 3,054	\$ 3,131	\$ 3,502	\$ 3,596	\$ 3,106
Income (loss) before reorganization items and income taxes	(71)	(11)	(4)	(49)	(411)	(655)	(357)
Reorganization items, net (b)				(1,288)	86		
Net income (loss)	(71)	(11)	(2)	1,258	(498)	(656)	(303)
Net income (loss) attributable to the company	(71)	(11)	(2)	1,258	(498)	(656)	(308)
Net income (loss) attributable to the company per share:							
Basic and diluted (a)	(10.01)	(1.50)	(0.27)	12.58	(4.98)	(6.56)	(3.08)
Cash dividends paid per common share	34.35						

	Successor			Predecessor			
	Three Months Ended Mar. 31,			Year Ended Dec. 31,			
	2014	2013	2013	2012	2011	2010	2009
Working capital (g)	450	\$ 480	\$ 487	\$ 441	\$ 680	\$ 438	\$ 458
Total assets (c)	2,125	2,195	2,175	2,214	3,305	3,511	4,005
Long-term debt (d) (e)	750	503	487	485	248	3,157	3,030
Other long term obligations (f)	299	580	308	581	70	526	493



- (a) Successor per share amounts in dollars. Predecessor per share amounts in millions.
- (b) Certain expenses, provisions for losses and other charges and credits directly associated with or resulting from the reorganization and restructuring of the business that were realized or incurred in the Chapter 11 Proceedings, including the impact of the implementation of the Chapter 11 plan and the application of fresh start accounting, were recorded in reorganization items, net in our consolidated financial statements.
- (c) As part of the application of fresh start accounting, all assets were adjusted to their fair values as of December 31, 2012.
- (d) As previously discussed, as of the Emergence Date and pursuant to the Chapter 11 plan, all amounts outstanding under our debtor in possession financing arrangements were paid in full in cash and all pre-petition debt instruments outstanding were extinguished, and holders of claims related to the pre-petition debt arrangements received distributions on their claims in accordance with the Chapter 11 plan.

**Table of Contents**

Additionally, upon consummation of the Chapter 11 plan, we entered into a credit and guaranty agreement, consisting of a \$500 million senior secured exit term loan due 2018. On February 11, 2014, this term loan was replaced with a new \$750 million term loan. See Note 19 to the consolidated financial statements of NewPage beginning on page M-41 for additional information.

- (e) Due to the commencement of the Chapter 11 Proceedings, our Consolidated Balance Sheet as of December 31, 2011 included unsecured and under-secured pre-petition debt obligations of \$3,120 million. These obligations were included in liabilities subject to compromise.
- (f) Pursuant to the Chapter 11 plan, pension and OPEB projected benefit obligations were assumed by us. These obligations, which were previously classified as liabilities subject to compromise, were reclassified to other current liabilities and other long-term obligations as of the Emergence Date.
- (g) Working capital is defined as current assets minus current liabilities.

**Table of Contents**

**UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION**

The following unaudited pro forma condensed combined financial information presents the combined historical consolidated statements of operations and consolidated balance sheet of Verso and the historical consolidated statements of operations and consolidated balance sheet of NewPage as well the combined historical consolidated statements of operations and consolidated balance sheet of Verso Holdings and the historical consolidated statements of operations and consolidated balance sheet of NewPage to reflect the consummation of the Merger pursuant to the terms of the Merger Agreement. Verso is the ultimate parent company of Verso Holdings. Unless otherwise noted, references to Verso, we, us, and our refer collectively to Verso and Verso Holdings. The historical financial statements were prepared in conformity with GAAP. The unaudited pro forma condensed combined financial information is presented in accordance with the rules specified by Article 11 of Regulation S-X promulgated by the SEC, and has been prepared using the assumptions described in the notes thereto. The unaudited pro forma condensed combined balance sheets give effect to the Merger and the related financing transactions required to effect the Merger and the Exchange Offer Transactions as if they had occurred as of the balance sheet date. The unaudited pro forma condensed combined statements of operations give effect to the Merger and the related financing transactions required to effect the Merger and the Exchange Offer Transactions as if they had occurred as of January 1, 2013.

The following unaudited pro forma consolidated financial information is presented:

Unaudited pro forma condensed combined balance sheet of Verso as of March 31, 2014;

Unaudited pro forma condensed combined balance sheet of Verso Holdings as of March 31, 2014;

Unaudited pro forma condensed combined statement of operations of Verso for the three months ended March 31, 2014;

Unaudited pro forma condensed combined statement of operations of Verso Holdings for the three months ended March 31, 2014;

Unaudited pro forma condensed combined statement of operations of Verso for the year ended December 31, 2013; and

Unaudited pro forma condensed combined statement of operations of Verso Holdings for the year ended December 31, 2013.

The accompanying unaudited pro forma condensed combined financial statements (the Pro Forma Statements ) and related notes were prepared using the acquisition method of accounting with Verso considered the acquirer of NewPage for accounting purposes. Accordingly, the consideration to be paid in the Merger has been allocated to assets and liabilities of NewPage based upon their estimated fair values as of the date of completion of the Merger. Any amount of the consideration that is in excess of the estimated fair values of assets acquired and liabilities assumed will be recorded as goodwill in Verso's balance sheet after the completion of the Merger. As of the date of this joint proxy and information statement/prospectus, Verso has not completed the detailed valuation work necessary to arrive

at the required estimates of the fair value of the NewPage assets to be acquired and the liabilities to be assumed and the related allocation of purchase price, nor has it identified all adjustments necessary to conform NewPage's accounting policies to Verso's accounting policies. A final determination of the fair value of NewPage's assets and liabilities will be based on the actual net tangible and intangible assets and liabilities of NewPage that exist as of the estimated date of completion of the Merger and, therefore, cannot be made prior to that date. Additionally, the value of a portion of the consideration to be paid by Verso to complete the Merger will be determined based on the trading price of Verso common stock at the time of the completion of the Merger. Accordingly, the accompanying unaudited pro forma purchase price allocation is preliminary and is subject to further adjustments as additional information becomes available and as additional analyses are performed. The preliminary unaudited pro forma purchase price allocation has been made solely for the purpose of preparing the accompanying Pro Forma Statements. The preliminary purchase price allocation was based on Verso's historical experience, data that was available through the public domain and

**Table of Contents**

Verso's due diligence review of NewPage's business. Until the Merger is completed, both companies are limited in their ability to share information with the other. Upon consummation of the Merger, valuation work will be finalized. Increases or decreases in the fair value of relevant balance sheet amounts will result in adjustments to the balance sheet and/or statements of income until the purchase price allocation is finalized. Although management believes that the preliminary purchase price allocation is reasonable, there can be no assurance that such finalization will not result in material changes from the preliminary purchase price allocation included in the accompanying Pro Forma Statements.

The Merger Agreement also requires Verso to consummate exchange offers for its outstanding 8.75% Second Priority Senior Secured Notes due 2019 (the "Old Second Lien Notes") and 11 3/8% Senior Subordinated Notes due 2016 (the "Old Subordinated Notes"), (collectively, the "Exchange Offer Transactions").

The unaudited pro forma condensed combined financial information should be read in conjunction with the notes thereto and Verso, Verso Holdings and NewPage's historical consolidated financial statements included elsewhere in this joint proxy and information statement/prospectus.

The unaudited pro forma condensed combined financial information is presented for informational purposes only and is not necessarily indicative of the financial position or results of operations of the combined company. The unaudited pro forma condensed combined financial information does not give effect to any potential cost savings or other operational efficiencies that could result from the Merger.

**Table of Contents****VERSO PAPER CORP.****UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET****AS OF MARCH 31, 2014****(Dollars in thousands)**

	Historical Verso	NewPage	Total Adjustments		Pro Forma
<b>ASSETS</b>					
<b>Current assets:</b>					
Cash and cash equivalents	\$ 4,242	\$ 9,000	\$ (8,242)	a	\$ 5,000
Restricted cash		7,000	(7,000)	b	
Accounts receivable, net	93,972	230,000			323,972
Inventories	154,849	541,000			695,849
Prepaid expenses and other current assets	12,579	19,000			31,579
<b>Total current assets</b>	<b>265,642</b>	<b>806,000</b>	<b>(15,242)</b>		<b>1,056,400</b>
Property and equipment, net	722,063	1,177,000	70,803	c	1,969,866
Intangibles and other assets, net	75,094	142,000	(106,889)	d	110,205
<b>Total assets</b>	<b>\$ 1,062,799</b>	<b>\$ 2,125,000</b>	<b>\$ (51,328)</b>		<b>\$ 3,136,471</b>
<b>LIABILITIES AND EQUITY</b>					
<b>Current liabilities:</b>					
Accounts payable	\$ 95,718	\$ 184,000	\$		\$ 279,718
Accrued liabilities	73,004	137,000	(17,415)	e	192,589
Current maturities of long-term debt	13,310	35,000			48,310
<b>Total current liabilities</b>	<b>182,032</b>	<b>356,000</b>	<b>(17,415)</b>		<b>520,617</b>
Long-term debt	1,332,858	750,000	622,177	f	2,705,035
<b>Other long-term items:</b>					
Other liabilities	55,158	299,000	(5,200)	b	348,958
<b>Total liabilities</b>	<b>1,570,048</b>	<b>1,405,000</b>	<b>599,562</b>		<b>3,574,610</b>
<b>Commitments and contingencies</b>					
<b>Equity:</b>					
<b>Preferred stock</b>					
Common stock	533		332	g	865
Treasury stock	(164)	(1,000)	1,000	h	(164)
Paid-in-capital	221,437	572,000	(484,804)	i	308,633
Retained deficit	(717,833)	(73,000)	54,582	k	(736,251)
Accumulated other comprehensive (loss) income	(11,222)	222,000	(222,000)	l	(11,222)

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Total (deficit) equity	(507,249)	720,000	(650,890)	(438,139)
<b>Total liabilities and equity</b>	<b>\$ 1,062,799</b>	<b>\$ 2,125,000</b>	<b>\$ (51,328)</b>	<b>\$ 3,136,471</b>

See notes to the unaudited pro forma condensed combined financial information.

**Table of Contents****VERSO PAPER HOLDINGS LLC****UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET****AS OF MARCH 31, 2014****(Dollars in thousands)**

	Historical		Total		Pro Forma
	Verso Holdings	NewPage	Adjustments		
<b>ASSETS</b>					
<b>Current assets:</b>					
Cash and cash equivalents	\$ 4,242	\$ 9,000	\$ (8,242)	a	\$ 5,000
Restricted cash		7,000	(7,000)	b	
Accounts receivable, net	94,097	230,000			324,097
Inventories	154,849	541,000			695,849
Prepaid expenses and other current assets	12,579	19,000			31,579
Total current assets	265,767	806,000	(15,242)		1,056,525
Property and equipment, net	722,063	1,177,000	70,803	c	1,969,866
Intangibles and other assets, net	98,399	142,000	(106,889)	d	133,510
<b>Total assets</b>	<b>\$ 1,086,229</b>	<b>\$ 2,125,000</b>	<b>\$ (51,328)</b>		<b>\$ 3,159,901</b>
<b>LIABILITIES AND EQUITY</b>					
<b>Current liabilities:</b>					
Accounts payable	\$ 95,718	\$ 184,000	\$		\$ 279,718
Accrued liabilities	73,095	137,000	(17,415)	e	192,680
Current maturities of long-term debt	13,310	35,000			48,310
Total current liabilities	182,123	356,000	(17,415)		520,708
Long-term debt	1,356,163	750,000	622,177	f	2,728,340
<b>Other long-term items:</b>					
Other liabilities	48,985	299,000	(5,200)	b	342,785
Total liabilities	1,587,271	1,405,000	599,562		3,591,833
<b>Commitments and contingencies</b>					
<b>Equity:</b>					
Treasury stock		(1,000)	1,000	h	
Paid-in-capital	231,961	572,000	(484,472)	j	319,489
Retained deficit	(721,781)	(73,000)	54,582	k	(740,199)
Accumulated other comprehensive (loss) income	(11,222)	222,000	(222,000)	l	(11,222)
Total (deficit) deficit	(501,042)	720,000	(650,890)		(431,932)



<b>Total liabilities and equity</b>	\$ 1,086,229	\$ 2,125,000	\$ (51,328)	\$ 3,159,901
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See notes to the unaudited pro forma condensed combined financial information.

Table of Contents**VERSO PAPER CORP.****UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS****THREE MONTHS ENDED MARCH 31, 2014****(Dollars in thousands, except per share amounts)**

	<b>Historical</b>		<b>Total</b>		<b>Pro Forma</b>
	<b>Verso</b>	<b>NewPage</b>	<b>Adjustments</b>		
<b>Net sales</b>	\$ 299,113	\$ 757,000	\$		\$ 1,056,113
<b>Costs and expenses:</b>					
Cost of products sold (exclusive of depreciation, amortization, and depletion)	302,377	755,000	(43,179)	a	1,014,198
Depreciation, amortization, and depletion	25,683		46,034	b	71,717
Selling, general, and administrative expenses	17,592	24,000	(4,732)	c	36,860
Total operating expenses	345,652	779,000	(1,877)		1,122,775
Operating (loss) income	(46,539)	(22,000)	1,877		(66,662)
Interest expense	34,477	49,000	(14,668)	d	68,809
Other loss, net	9,585		(9,585)	e	
<b>Loss before income taxes</b>	(90,601)	(71,000)	26,130		(135,471)
Income tax expense	9				9
<b>Net loss</b>	\$ (90,610)	\$ (71,000)	\$ 26,130		\$ (135,480)
<b>Loss per common share:</b>					
Basic	\$ (1.70)	\$ (10.01)			\$ (1.57)
Diluted	(1.70)	(10.01)			(1.57)
<b>Weighted average common shares outstanding (in thousands):</b>					
Basic	53,188	7,089	26,065	f	86,342
Diluted	53,188	7,089	26,065	f	86,342

See notes to the unaudited pro forma condensed combined financial information.

Table of Contents**VERSO PAPER HOLDINGS LLC****UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS****THREE MONTHS ENDED MARCH 31, 2014****(Dollars in thousands)**

	<b>Historical</b>		<b>Total</b>		<b>Pro</b>
	<b>Verso</b>	<b>NewPage</b>	<b>Adjustments</b>		<b>Forma</b>
	<b>Holdings</b>				
<b>Net sales</b>	\$ 299,113	\$ 757,000	\$		\$ 1,056,113
<b>Costs and expenses:</b>					
Cost of products sold (exclusive of depreciation, amortization, and depletion)	302,377	755,000	(43,179)	a	1,014,198
Depreciation, amortization, and depletion	25,683		46,034	b	71,717
Selling, general, and administrative expenses	17,592	24,000	(4,732)	c	36,860
Total operating expenses	345,652	779,000	(1,877)		1,122,775
Operating loss	(46,539)	(22,000)	1,877		(66,662)
Interest income	(379)				(379)
Interest expense	34,856	49,000	(14,668)	d	69,188
Other loss, net	9,585		(9,585)	e	
<b>Loss before income taxes</b>	(90,601)	(71,000)	26,130		(135,471)
Income tax expense					
<b>Net loss</b>	\$ (90,601)	\$ (71,000)	\$ 26,130		\$ (135,471)

See notes to the unaudited pro forma condensed combined financial information.

Table of Contents**VERSO PAPER CORP.****UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS****YEAR ENDED DECEMBER 31, 2013****(Dollars in thousands, except per share amounts)**

	<b>Historical</b>	<b>Historical</b>	<b>Total</b>		<b>Pro</b>
	<b>Verso</b>	<b>NewPage</b>	<b>Adjustments</b>		<b>Forma</b>
<b>Net sales</b>	\$ 1,388,899	\$ 3,054,000	\$		\$ 4,442,899
<b>Costs and expenses:</b>					
Cost of products sold (exclusive of depreciation, amortization, and depletion)	1,179,085	2,865,000	(172,358)	a	3,871,727
Depreciation, amortization, and depletion	104,730		185,216	b	289,946
Selling, general, and administrative expenses	73,777	146,000	(19,366)	c	200,411
Restructuring charges	1,378				1,378
<b>Total operating expenses</b>	<b>1,358,970</b>	<b>3,011,000</b>	<b>(6,508)</b>		<b>4,363,462</b>
Other operating income	(3,971)				(3,971)
<b>Operating income</b>	<b>33,900</b>	<b>43,000</b>	<b>6,508</b>		<b>83,408</b>
Interest income	(25)				(25)
Interest expense	137,728	47,000	90,434	d	275,162
Other loss, net	7,965		(5,165)	e	2,800
<b>Loss before income taxes</b>	<b>(111,768)</b>	<b>(4,000)</b>	<b>(78,761)</b>		<b>(194,529)</b>
Income tax benefit	(562)	(2,000)			(2,562)
<b>Net loss</b>	<b>\$ (111,206)</b>	<b>\$ (2,000)</b>	<b>\$ (78,761)</b>		<b>\$ (191,967)</b>
<b>Loss per common share:</b>					
Basic	\$ (2.09)	\$ (0.27)			\$ (2.22)
Diluted	(2.09)	(0.27)			(2.22)
<b>Weighted average common shares outstanding (in thousands):</b>					
Basic	53,124	7,080	26,074	f	86,278
Diluted	53,124	7,080	26,074	f	86,278

See notes to the unaudited pro forma condensed combined financial information.

Table of Contents

**VERSO PAPER HOLDINGS LLC**

**UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS**

**YEAR ENDED DECEMBER 31, 2013**

(Dollars in thousands)

	Historical				
	Verso Holdings	NewPage	Total Adjustments		Pro Forma
<b>Net sales</b>	\$ 1,388,899	\$ 3,054,000	\$		\$ 4,442,899
<b>Costs and expenses:</b>					
Cost of products sold (exclusive of depreciation, amortization, and depletion)	1,179,085	2,865,000	(172,358)	a	3,871,727
Depreciation, amortization, and depletion	104,730		185,216	b	289,946
Selling, general, and administrative expenses	73,777	146,000	(19,366)	c	200,411
Restructuring charges	1,378				1,378
<b>Total operating expenses</b>	1,358,970	3,011,000	(6,508)		4,363,462
Other operating income	(3,971)				(3,971)
<b>Operating income</b>	33,900	43,000	6,508		83,408
Interest income	(1,539)				(1,539)
Interest expense	138,626	47,000	90,434	d	276,060
Other loss, net	7,965		(5,165)	e	2,800
<b>Loss before income taxes</b>	(111,152)	(4,000)	(78,761)		(193,913)
Income tax benefit		(2,000)			(2,000)
<b>Net loss</b>	\$ (111,152)	\$ (2,000)	\$ (78,761)		\$ (191,913)

See notes to the unaudited pro forma condensed combined financial information.

Table of Contents

**NOTES TO UNAUDITED PRO FORMA**  
**CONDENSED COMBINED FINANCIAL INFORMATION**

**1. Description of the Transaction**

On January 3, 2014, Verso entered into the Merger Agreement with NewPage. Pursuant to the terms of the Merger Agreement, Merger Sub, an indirect, wholly owned subsidiary of Verso, and NewPage will merge, with NewPage surviving as an indirect, wholly owned subsidiary of Verso.

The Merger Agreement provides for a series of transactions pursuant to which equity holders of NewPage will receive Transaction Consideration consisting of (i) \$250 million total in cash, approximately \$243 million of which was paid to NewPage's stockholders as a dividend prior to the date of this joint proxy and information statement/prospectus, plus the cash actually received by NewPage in respect of any exercises of NewPage stock options between the date of the Merger Agreement and the closing of the Merger; (ii) \$650 million aggregate principal amount of New First Lien Notes (valued at face value) to be issued at closing; and (iii) shares of Verso common stock representing 20% (subject to potential upward adjustment to 25% under certain circumstances described below) of the sum of the outstanding shares as of immediately prior to closing (after giving effect to the issuance of shares of Verso common stock in respect of all Verso Warrants issued in the Exchange Offers) and the shares, if any, underlying vested, in-the-money stock options as of the signing of the Merger Agreement. However, for accounting purposes, consideration includes only the New First Lien Notes and Verso common stock (the Accounting Consideration). The payment of the Recapitalization Dividend and approximately \$7 million in cash held in escrow for holders of NewPage stock options and restricted stock units is distinct from the share and note consideration that will be paid directly by Verso to NewPage stockholders at the closing of the Merger, as such restricted cash was and is NewPage's cash. If the Merger does not close, any such restricted cash would be returned to NewPage from the escrow account in which it is being held. The cash portion of the Transaction Consideration (other than cash received from option exercises prior to closing) was funded from the proceeds of a new \$750 million bank borrowing that was also used to refinance NewPage's former \$500 million term loan facility. The amount of New First Lien Notes to be issued in the Merger is subject to downward adjustment, in an amount not to exceed \$27 million in value, if NewPage makes certain restricted payments between September 30, 2013 and the closing. If the Merger has not closed by August 31, 2014, and the reason for the failure to close by such date, or any subsequent delay in closing after such date, is solely the result of Verso's failure to take certain actions to satisfy closing conditions, the amount of Verso common stock to be issued to NewPage stockholders will increase in monthly increments by up to 5% so that the total amount of Verso common stock issued to NewPage Stockholders would be up to 25% of the sum of the outstanding shares as of immediately prior to closing (after giving effect to the issuance of shares of Verso common stock in respect of all Verso Warrants issued in the Exchange Offers) and the shares, if any, underlying vested, in-the-money stock options as of the signing of the Merger Agreement:

Verso common stock valued at July 23, 2014 closing price and assuming 14.4 million shares issued	\$ 38.1 million
New First Lien Notes	650.0 million
Accounting Consideration	\$ 688.1 million

On February 11, 2014, NewPage replaced its former term loan facility with a \$750 million term loan facility and replaced its former ABL facility with a \$350 million ABL facility, in accordance with the terms of the Merger Agreement.

Additionally, Verso expects to consummate the Exchange Offer Transactions. The Verso modifications described in the Exchange Offers have been accounted for in accordance with Financial Accounting Standards Board Accounting Standards Codification ( ASC ) 470-60 assuming a participation rate of 100% for both the New Second Lien Notes and the New Subordinated Notes. As a result of the modifications, the New Second Lien

**Table of Contents**

Notes were recorded at their carrying value immediately prior to the Merger of \$359.2 million. The difference between carrying value and reduced par value of \$319.8 million (including Paid in Kind interest over the term of the New Second Lien Notes) is recognized as a non-cash reduction of interest expense over the term of the New Second Lien Notes. In addition, the modification of the New Subordinated Notes in connection with the consummation of the Merger resulted in the New Subordinated Notes being recorded at their carrying value immediately prior to the Merger of \$128.9 million. The difference between carrying value and reduced par value of \$138.3 million (including Paid in Kind interest over the term of the New Subordinated Notes) is recognized as a non-cash reduction of interest expense over the term of the New Subordinated Notes.

The Exchange Transactions terms vary based on the actual participation in the Exchange Transactions, subject to a minimum participation threshold of 75% for the Old Second Lien Notes and 70% for the Old Subordinated Notes. If only the minimum participation were achieved for both the Old Second Lien Notes and Old Subordinated Notes, the pro forma financial statements for the periods presented would be impacted as follows:

(in thousands)	Verso Pro Forma (100% Participation)	Verso Holdings Pro Forma (100% Participation)	Impact of Minimum Participation (1)
<b>As of and for the Three Months Ended March 31, 2014:</b>			
Shares issued as Accounting Consideration for the Merger	14,414	N/A	(826)
Shares issued in Exchange Transactions	18,741	N/A	(4,131)
Accounting Consideration for the Merger	\$ 38,052	\$ 38,052	\$ (2,181)
Total assets	3,136,471	3,159,901	(410)
Long-term debt	2,705,035	2,728,340	8,655
Total equity	(438,139)	(431,932)	(11,319)
Interest expense	68,809	69,188	(1,265)
<b>For the Year Ended December 31, 2013:</b>			
Interest expense	\$ 275,162	\$ 276,060	\$ (4,868)

(1) The impact of minimum participation (75% for Old Second Lien Notes and 70% for Old Subordinated Notes) is the same for both Verso and Verso Holdings.

The estimated value of the Accounting Consideration reflected herein does not purport to represent the actual value of the total Accounting Consideration that will be received by NewPage's stockholders when the Merger is completed. In accordance with GAAP, the fair value of Verso common stock issued as part of the Accounting Consideration will be measured on the closing date of the Merger at the then-current market price. This requirement will likely result in a per share value component different from the \$2.64, based on the closing price of Verso common stock on July 23, 2014, assumed in these Pro Forma Statements and that difference may be material. For example, an increase or decrease by 10% in the price of Verso common stock on the closing date of the Merger from the price of Verso common stock assumed in these Pro Forma Statements would increase or decrease the value of the Accounting Consideration by approximately \$3.8 million, which would be reflected in these Pro Forma Statements as an



equivalent increase or decrease to intangible assets. A 10% increase or decrease in the price of Verso common stock would also have a corresponding increase or decrease in total equity of \$8.8 million and an opposite decrease or increase in long-term debt of \$5.0 million. Further, under certain circumstances as described in Note 1, Description of the Transaction, the number of shares of Verso common stock issued in connection with the Merger is subject to potential adjustment up by approximately 3.6 million shares, which would increase the value of the Accounting Consideration by approximately \$9.5 million.

**Table of Contents****2. Basis of Presentation**

The Pro Forma Statements have been derived from the historical consolidated financial statements of Verso and NewPage that are contained elsewhere in this joint proxy and information statement/prospectus. Certain financial statement line items included in NewPage's historical presentation have been disaggregated or condensed to conform to corresponding financial statement line items included in Verso's historical presentation. For the unaudited pro forma condensed combined statements of operations, depreciation, amortization, and depletion expense has been conformed to the Verso presentation. The reclassification of these items had no impact on the historical total assets, total liabilities, or stockholders' equity reported by Verso or NewPage, respectively. The reclassifications also did not impact the historical earnings from continuing operations. In addition, the impact of differences in NewPage's accounting policy for inventory valuation of Last in First Out (LIFO) and Verso's accounting policy of First in First Out (FIFO) is not expected to have a significant impact on cost of products sold, therefore no adjustment has been reflected in the accompanying Pro Forma Statements for conforming the accounting policy of NewPage to Verso's policy.

The Merger is reflected in the Pro Forma Statements as an acquisition of NewPage by Verso using the acquisition method of accounting, in accordance with business combination accounting guidance under GAAP. Under these accounting standards, the total estimated purchase price will be allocated as described in Note 4 to the Pro Forma Statements, and the assets acquired and the liabilities assumed will be measured at estimated fair value. For the purpose of measuring the estimated fair value of the assets acquired and liabilities assumed, Verso has applied the accounting guidance under GAAP for fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date. The fair value measurements utilize estimates based on key assumptions in connection with the Merger, including historical and current market data. The unaudited pro forma adjustments included herein are preliminary since the Merger has not progressed to a stage where there is sufficient information to make a definitive allocation and will be revised at the time of the Merger as additional information becomes available and as valuation work is finalized. The final purchase price allocation will be determined after the completion of the Merger, and the final allocations may differ materially from those presented.

**3. Pro Forma Adjustments**

The pro forma adjustments described below do not reflect the statutory tax effect of those adjustments as Verso has net operating loss carryforwards and a related full valuation allowance that are expected to eliminate any tax implications of the adjustments.

The following adjustments have been reflected in the unaudited pro forma condensed combined balance sheets as of March 31, 2014:

- (a) Represents estimated transaction costs associated with the Merger expected to be paid in cash, calculated as such:

\$ 69,000	Total estimated transaction costs associated with the Merger.
(50,582)	Less transaction costs incurred by Verso and NewPage through March 31, 2014.
18,418	Transaction costs not yet incurred by Verso and NewPage.

(10,176) Less borrowings on the NewPage ABL Facility to fund expected transaction costs.

\$ 8,242 Expected transaction costs to be paid in cash.

(b) Represents the elimination of NewPage Restricted cash and Other liabilities related to NewPage stock based compensation awards.

**Table of Contents**

(c) Represents an adjustment to value property, plant and equipment acquired at the preliminary estimated fair value as of the Merger date. The fair value of NewPage's property, plant, and equipment was estimated using the replacement cost method and adjusted for physical, functional, and economic obsolescence.

(d) The following table summarizes pro forma adjustments impacting intangibles and other assets:

(d1)	\$ (9,867)	Represents the elimination of the NewPage pre-Merger goodwill.
(d2)	(61,000)	Represents the elimination of the NewPage pre-Merger trademarks and customer relationships intangible assets.
(d3)	(31,741)	Represents the elimination of the NewPage pre-Merger debt issuance costs.
(d4)	(4,281)	Represents the elimination of the NewPage pre-Merger deferred taxes and the related valuation allowance.
	\$ (106,889)	

(e) The following table summarizes pro forma adjustments impacting Accrued liabilities:

(e1)	\$ (4,938)	Represents the elimination of the NewPage pre-Merger deferred taxes and the related valuation allowance.
(e2)	(4,000)	Represents the elimination of the NewPage Accrued liabilities related to NewPage stock based compensation awards.
(e3)	(5,775)	Represents the accrued interest payable as of March 31, 2014 on Old Second Lien Notes to be included in the New Second Lien Note carrying value.
(e4)	(2,702)	Represents the accrued interest payable as of March 31, 2014 on Old Subordinated Notes to be included in the New Subordinated Notes carrying value.
	\$ (17,415)	

(f) The following table summarizes pro forma adjustments impacting Long-term debt:

(f1)	\$ 3,000	Represents the fair value adjustment for the NewPage Term Loan Facility assumed in the Merger to 98% of par.
(f2)	650,000	Represents the issuance of additional New First Lien Notes in connection with the Merger.
(f3)	10,176	Represents borrowings on the NewPage ABL Facility to fund expected transaction costs.
(f4)	(34,247)	Represents the reduction in the carrying value of the New Second Lien Notes for the issuance of an additional 13.0 million shares of Verso common stock outstanding to New Second Lien Noteholders.
(f5)	(15,229)	Represents the reduction in the carrying value of the New Subordinated Notes for the issuance of an additional 5.8 million shares of Verso common stock outstanding to New

Subordinated Noteholders.		
(f6)	5,775	Represents the accrued interest payable as of March 31, 2014 on Old Second Lien Notes to be included in the New Second Lien Note carrying value.
(f7)	2,702	Represents the accrued interest payable as of March 31, 2014 on Old Subordinated Notes to be included in the New Subordinated Notes carrying value.

\$ 622,177

- (g) Represents the issuance of 20% of shares of Verso common stock outstanding, or 14.4 million shares with a par value of \$.01 as Accounting Consideration, the issuance of an additional 18.8 million shares of common stock in connection with the exchange of the Old Second Lien Notes and the exchange of the Old Subordinated Notes.

**Table of Contents**

(h) Represents the elimination of NewPage historical treasury stock.

(i) The following table summarizes pro forma adjustments impacting Verso's Paid-in-capital.

(i1)	\$ (572,000)	Represents the elimination of NewPage historical paid-in-capital.
(i2)	37,908	Represents the Paid-in-capital associated with the issuance of 20% of shares of Verso common stock outstanding immediately prior to the Merger, or 14.4 million shares with an estimated value of \$2.64 per share based on the closing share price of Verso common stock on July 23, 2014 and par value of \$.01.
(i3)	34,117	Represents the Paid-in-capital associated with the issuance of an additional 13.0 million shares of common stock outstanding in connection with the exchange of Old Second Lien Notes, assuming 100% participation, with a par value of \$.01 and an expected price of \$2.64 based on the closing share price of Verso Paper common stock on July 23, 2014.
(i4)	15,171	Represents the Paid-in-capital associated with the issuance of an additional 5.8 million shares of common stock outstanding in connection with the exchange of Old Subordinated Notes, assuming 100% participation, with a par value of \$.01 and an expected price of \$2.64 based on the closing share price of Verso Paper common stock on July 23, 2014.
	\$ (484,804)	

(j) The following table summarizes pro forma adjustments impacting Verso Holdings' Paid-in-capital.

(j1)	\$ (572,000)	Represents the elimination of NewPage historical paid-in-capital.
(j2)	38,052	Represents the Paid-in-capital associated with the issuance of 20% of shares of Verso common stock outstanding immediately prior to the Merger, or 14.4 million shares with an estimated value of \$2.64 per share based on the closing share price of Verso common stock on July 23, 2014 and par value of \$.01.
(j3)	34,247	Represents the Paid-in-capital associated with the issuance of an additional 13.0 million shares of common stock outstanding in connection with the exchange of Old Second Lien Notes, assuming 100% participation, with a par value of \$.01 and an expected price of \$2.64 based on the closing share price of Verso Paper common stock on July 23, 2014.
(j4)	15,229	Represents the Paid-in-capital associated with the issuance of an additional 5.8 million shares of common stock outstanding in connection with the exchange of Old Subordinated Notes, assuming 100% participation, with a par value of \$.01 and an expected price of \$2.64 based on the closing share price of Verso Paper common stock on July 23, 2014.
	\$ (484,472)	

(k) The following table summarizes pro forma adjustments impacting Retained deficit:

(k1)	\$ 73,000	Represents the elimination of NewPage historical retained deficit.
(k2)	(6,731)	Represents transaction costs associated with the exchange of Subordinated and Second Lien notes expensed as incurred excluding amounts incurred as of March 31, 2014.
(k3)	(11,687)	Represents estimated transaction costs associated with the Merger expected to be expensed as incurred. These costs were not included in the historical financial statements.
	\$ 54,582	

**Table of Contents**

(l) Represents the elimination of NewPage Accumulated other comprehensive income. The following adjustments have been reflected in the unaudited pro forma condensed combined statement of operations for the three months ended March 31, 2014:

- (a) Represents a reclassification adjustment to conform NewPage's presentation of depreciation, amortization, and depletion from Cost of products sold with Verso's presentation as NewPage did not report those costs separately.
- (b) The following table summarizes pro forma adjustments impacting Depreciation, amortization, and depletion:

(b1)	\$ 45,911	Represents a reclassification adjustment to conform NewPage's presentation of depreciation, amortization, and depletion from Cost of products sold and Selling, general and administrative expenses to conform with Verso's presentation as NewPage did not report those costs separately.
(b2)	2,123	Represents additional depreciation resulting from the preliminary adjustment of the NewPage property and equipment to estimated fair value as of the Merger date based on a preliminary estimated average useful life of approximately eight years and straight-line depreciation.
(b3)	(2,000)	Represents the elimination of amortization expense associated with NewPage intangible assets that were written-off as part of purchase accounting.
	\$ 46,034	

- (c) The following table summarizes pro forma adjustments impacting Selling, general and administrative expenses:

(c1)	\$ (2,732)	Represents a reclassification adjustment to conform NewPage's presentation of depreciation, amortization, and depletion from Selling, general and administrative expenses to conform with Verso's presentation as NewPage did not report those costs separately.
(c2)	(2,000)	Represents NewPage Merger related costs incurred during the three months ended March 31, 2014.
	\$ (4,732)	



**Table of Contents**

(d) The following table summarizes pro forma adjustments impacting Interest expense:

(d1)	\$ 38,443	Represents preliminary estimated additional interest expense for debt incurred in connection with the Merger based on LIBOR plus 2% for NewPage ABL borrowings of \$63.2 million and LIBOR plus 8.25% for NewPage Term loan borrowings of \$750 million calculated using the actual terms of the NewPage Term Loan Facility and NewPage ABL Facility dated February 11, 2014. Interest expense for the 11.75% for New First Lien Notes of \$650 million was calculated using the rate included in the Merger Agreement. A 1/8% increase/decrease in LIBOR would have had an impact of +/- \$0.0 million on interest expense at March 31, 2014.
(d2)	(14,200)	Represents the elimination of historical interest expense for the former and the current NewPage term loan facilities.
(d3)	(180)	Represents the elimination of historical interest expense for the former and the current NewPage ABL facility.
(d4)	(1,373)	Represents the elimination of historical interest expense for the former and the current NewPage term loan facility and the former and the current NewPage ABL facility financing costs amortization and the former and the current NewPage term loan facility discount amortization.
(d5)	(33,553)	Represents the elimination of NewPage historical interest expense for the loss on refinancing of the NewPage Term Loan Facility and ABL Facility.
(d6)	(13,173)	Represents the elimination of historical interest expense for Verso's Old Second Lien Notes and Old Subordinated Notes assuming a participation rate of 100% for both the Old Second Lien Notes and Old Subordinated Notes.
(d7)	9,368	Represents interest expense associated with the modification of the New Second Lien Notes and New Subordinated Notes in connection with the Merger in accordance with ASC 470-60, as described in note 1 of the Pro Forma Statements Description of the Transaction, assuming a participation rate of 100% for both the Old Second Lien Notes and Old Subordinated Notes.

\$ (14,668)

(e) Represents Verso Merger related costs incurred during the three months ended March 31, 2014.

(f) Represents 20% of the Verso common stock outstanding issued in connection with the Merger or 14.4 million shares and 18.8 million shares of Verso common stock outstanding issued in connection with the Exchange Offers, assuming 100% participation, less NewPage shares cancelled in the Merger of 7.1 million shares.

The following adjustments have been reflected in the unaudited pro forma condensed combined statement of operations for the year ended December 31, 2013:

(a) Represents a reclassification adjustment to conform NewPage's presentation of depreciation, amortization, and depletion from Cost of products sold with Verso's presentation as NewPage did not report those costs

separately.

**Table of Contents**

(b) The following table summarizes pro forma adjustments impacting Depreciation, amortization, and depletion:

(b1)	\$ 183,724	Represents a reclassification adjustment to conform NewPage's presentation of depreciation, amortization, and depletion from Cost of products sold and Selling, general and administrative expenses to conform with Verso's presentation as NewPage did not report those costs separately.
(b2)	8,492	Represents additional depreciation resulting from the preliminary adjustment of the NewPage property and equipment to estimated fair value as of the Merger date based on a preliminary estimated average useful life of approximately eight years and straight-line depreciation.
(b3)	(7,000)	Represents the elimination of amortization expense associated with NewPage intangible assets that were written-off as part of purchase accounting.
	\$ 185,216	

(c) The following table summarizes pro forma adjustments impacting Selling, general and administrative expenses:

(c1)	\$ (11,366)	Represents a reclassification adjustment to conform NewPage's presentation of depreciation, amortization, and depletion from Selling, general and administrative expenses to conform with Verso's presentation as NewPage did not report those costs separately.
(c2)	(8,000)	Represents NewPage Merger related costs incurred during the year ended December 31, 2013.
	\$ (19,366)	

(d) The following table summarizes pro forma adjustments impacting Interest expense:

(d1)	\$ 153,645	Represents preliminary estimated additional interest expense for debt incurred in connection with the Merger based on LIBOR plus 2% for NewPage ABL borrowings of \$63.2 million and LIBOR plus 8.25% for NewPage Term loan borrowings of \$750 million calculated using the actual terms of the NewPage Term Loan Facility and NewPage ABL Facility dated February 11, 2014. Interest expense for the 11.75% for New First Lien Notes of \$650 million was calculated using the rate included in the Merger Agreement. A 1/8% increase/decrease in LIBOR would have had an impact of +/- \$0.0 million on interest expense at December 31, 2013.
(d2)	(39,642)	Represents the elimination of historical interest expense for former NewPage term loan facility.
(d3)	(2,603)	Represents the elimination of historical interest expense for former NewPage ABL facility.

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(d4)	(5,790)	Represents the elimination of historical interest expense for former NewPage term loan facility and former NewPage ABL facility financing costs amortization and former NewPage term loan facility discount amortization.
(d5)	(52,601)	Represents the elimination of historical interest expense for Verso's Old Second Lien Notes and Old Subordinated Notes assuming a participation rate of 100% for both the Old Second Lien Notes and Old Subordinated Notes.
(d6)	37,425	Represents interest expense associated with the modification of the New Second Lien Notes and New Subordinated Notes in connection with the Merger in accordance with ASC 470-60, as described in note 1 of the Pro Forma Statements Description of the Transaction, assuming a participation rate of 100% for both the Old Second Lien Notes and Old Subordinated Notes.
	\$ 90,434	

**Table of Contents**

- (e) Represents Verso Merger related costs incurred during the year ended December 31, 2013.
- (f) Represents 20% of the Verso common stock outstanding issued in connection with the Merger or 14.4 million shares and 18.8 million shares of Verso common stock outstanding issued in connection with the Exchange Offers, assuming 100% participation, less NewPage shares cancelled in the Merger of 7.1 million shares.

**4. Preliminary Purchase Price Allocation**

The allocation of the preliminary purchase price to the fair values of assets to be acquired and liabilities to be assumed in the Merger includes unaudited pro forma adjustments to reflect the expected fair values of NewPage's assets and liabilities at the completion of the Merger. The allocation of the preliminary purchase price is as follows (in thousands):

Current assets	\$ 799,000
Property and equipment	1,247,803
Other long-term assets	35,111
Current liabilities	(347,062)
Other long-term liabilities	(293,800)
Long-term debt	(753,000)
 Net assets acquired	 \$ 688,052

The preliminary purchase price allocation for NewPage is subject to revision as more detailed analysis is completed and additional information on the fair values of NewPage's assets and liabilities becomes available and as pre-Merger contingencies are identified, and Merger related costs, etc. are finalized. The preliminary purchase price allocation was based on Verso's historical experience, data that was available through the public domain and Verso's due diligence review of NewPage's business. We did not identify a material amount of goodwill or other intangible assets as a result of the preliminary purchase price allocation. However, as additional information is obtained and the Accounting Consideration is finalized, goodwill and other intangible assets may be identified and the final purchase price allocation may differ materially from the allocation presented here.

The accompanying Pro Forma Statements do not reflect the costs of any integration activities or benefits that may result from realization of future cost savings from operating efficiencies, or any revenue, tax, or other synergies expected to result from the Merger. In addition, the Merger is not expected to result in a taxable transaction and Verso has net operating loss carryforwards and a related full valuation allowance that are expected to offset any deferred tax impact of the Merger. Therefore no deferred taxes have been established as a result of the purchase price allocation.

Verso has made preliminary allocation estimates based on limited access to information and will not have sufficient information to make final allocations until after completion of the Merger. The final determination of the purchase price allocation is anticipated to be completed as soon as practicable after completion of the Merger. Verso anticipates that the valuations of the acquired assets and liabilities will include, but not be limited to, fixed assets, goodwill, and other potential intangible assets. The valuations will consist of physical appraisals, discounted cash flow analyses, or other appropriate valuation techniques to determine the fair value of the assets acquired and liabilities assumed.

The final Accounting Consideration, and amounts allocated to assets acquired and liabilities assumed in the Merger, could differ materially from the preliminary amounts presented in these Statements. In addition, if the value of the acquired assets is higher than the preliminary indication, it may result in higher amortization and depreciation expense than is presented in these statements. See Note 3 for the effects of changes in estimated fair value of property and equipment to be acquired in the Merger on the calculation of pro forma depreciation and amortization expense.

**Table of Contents**

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF  
FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

The following discussion and analysis of our financial condition and results of operations includes statements regarding the industry outlook and our expectations regarding the performance of our business. These non-historical statements in the discussion and analysis are forward-looking statements. These forward-looking statements are subject to numerous risks and uncertainties, including, but not limited to, the risks and uncertainties described in Risk Factors. Our actual results may differ materially from those contained in or implied by any forward-looking statements. The discussion and analysis should be read in conjunction with the Risk Factors and financial statements and notes thereto included elsewhere in this joint proxy and information statement/prospectus. Unless otherwise noted, the information provided pertains to both Verso and Verso Holdings. All assets, liabilities, income, expenses and cash flows presented for all periods represent those of Verso's indirect, wholly owned subsidiary, Verso Holdings, in all material respects, except for Verso's common stock transactions, Verso Finance's debt obligation and related financing costs and interest expense, Verso Holdings' loan to Verso Finance, and the debt obligation of Verso Holdings' consolidated variable interest entity to Verso Finance. For the purpose of this section, references to we, us, and our refer collectively to Verso and Verso Holdings.

**Overview**

We are a leading North American supplier of coated papers to catalog and magazine publishers. Coated paper is used primarily in media and marketing applications, including catalogs, magazines, and commercial printing applications, such as high-end advertising brochures, annual reports, and direct mail advertising. We are one of North America's largest producers of coated groundwood paper which is used primarily for catalogs and magazines. We are also a low cost producer of coated freesheet paper which is used primarily for annual reports, brochures, and magazine covers. We also produce and sell market kraft pulp which is used to manufacture printing and writing paper grades and tissue products.

**Background**

We began operations on August 1, 2006, when we acquired the assets and certain liabilities comprising the business of the Coated and Supercalendered Papers Division of International Paper Company, or International Paper. We were formed by affiliates of Apollo Global Management, LLC, or Apollo for the purpose of consummating the acquisition from International Paper. Verso went public on May 14, 2008, with an initial public offering, or IPO, of 14 million shares of common stock.

**Selected Factors Affecting Operating Results**

*Net Sales*

Our sales, which we report net of rebates, allowances, and discounts, are a function of the number of tons of paper that we sell and the price at which we sell our paper. The coated paper industry is cyclical, which results in changes in both volume and price. Paper prices historically have been a function of macro-economic factors which influence supply and demand. Price has historically been substantially more variable than volume and can change significantly over relatively short time periods. In 2013, while our coated paper prices declined slightly, prices for our pulp and specialty papers were higher. Prices may not improve significantly in 2014, and we do not expect prices in 2014 to return to the levels they were at in 2008 before they declined.

We are primarily focused on serving two end-user segments: catalogs and magazines. In 2013, we believe we were a leading North American supplier of coated papers to catalog and magazine publishers. Coated paper demand is primarily driven by advertising and print media usage. Advertising spending and magazine and catalog circulation tend to correlate with changes in the GDP of the United States — they rise with a strong economy and contract with a weak economy.



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**Table of Contents**

Many of our customers provide us with forecasts of their paper needs, which allows us to plan our production runs in advance, optimizing production over our integrated mill system and thereby reducing costs and increasing overall efficiency. Generally, our sales agreements do not extend beyond the calendar year. Typically, our sales agreements provide for semiannual price adjustments based on market price movements.

We reach our end-users through several channels, including printers, brokers, paper merchants, and direct sales to end-users. We sell and market our products to approximately 130 customers which comprise approximately 700 end-user accounts. In 2013, Quad/Graphics, Inc. and Central National-Gottesman, Inc. accounted for approximately 12% and 10% of our net sales, respectively.

Our historical results include specialty papers that we manufacture for Expera Specialty Solutions, LLC (formerly named Thilmány, LLC), or Expera, on paper machine no. 5 at the Androscoggin mill. Under a long-term supply agreement entered into in 2005 in connection with International Paper's sale of its Industrial Papers business to Expera, these products are sold to Expera at a variable charge for the paper purchased and a fixed charge for the availability of the machine. The amounts included in our net sales for the specialty papers sold to Expera totaled \$43.0 million, \$42.0 million, and \$39.5 million, in 2013, 2012, and 2011, respectively.

*Cost of Products Sold*

The principal components of our cost of sales are chemicals, wood, energy, labor, and maintenance. Costs for commodities, including chemicals, wood, and energy, are the most variable component of our cost of sales because their prices can fluctuate substantially, sometimes within a relatively short period of time. In addition, our aggregate commodity purchases fluctuate based on the volume of paper that we produce.

*Chemicals.* Chemicals utilized in the manufacturing of coated papers include latex, clay, starch, calcium carbonate, caustic soda, sodium chlorate, and titanium dioxide. We purchase these chemicals from a variety of suppliers and are not dependent on any single supplier to satisfy our chemical needs. We expect imbalances in supply and demand to periodically create volatility in prices for certain chemicals.

*Wood.* Our costs to purchase wood are affected directly by market costs of wood in our regional markets and indirectly by the effect of higher fuel costs on logging and transportation of timber to our facilities. While we have in place fiber supply agreements that ensure a substantial portion of our wood requirements, purchases under these agreements are typically at market rates.

*Energy.* We produce approximately 53% of our energy needs for our paper mills from sources such as waste wood, waste water, hydroelectric facilities, liquid biomass from our pulping process, and internal energy cogeneration facilities. Our external energy purchases vary across each of our mills and include fuel oil, natural gas, coal, and electricity. While our internal energy production capacity and ability to switch between certain energy sources mitigates the volatility of our overall energy expenditures, we expect prices for energy to remain volatile for the foreseeable future. We utilize derivative contracts as part of our risk management strategy to manage our exposure to market fluctuations in energy prices. At the end of 2011, we completed a \$45 million renewable energy project at our mill in Quinnesec, Michigan that is exceeding expectations for efficiency and cost savings. In November 2012, we completed and commercialized a \$42 million renewable energy project at our mill in Bucksport, Maine.

*Labor.* Labor costs include wages, salary, and benefit expenses attributable to our mill personnel. Mill employees at a non-managerial level are compensated on an hourly basis. Management employees at our mills are compensated on a salaried basis. Wages, salary, and benefit expenses included in cost of sales do not vary significantly over the short term. In addition, we have not experienced significant labor shortages.

*Maintenance.* Maintenance expense includes day-to-day maintenance, equipment repairs, and larger maintenance projects, such as paper machine shutdowns for periodic maintenance. Day-to-day maintenance

## **Table of Contents**

expenses have not varied significantly from year-to-year. Larger maintenance projects and equipment expenses can produce year-to-year fluctuations in our maintenance expenses. In conjunction with our periodic maintenance shutdowns, we have incidental incremental costs that are primarily comprised of unabsorbed fixed costs from lower production volumes and other incremental costs for purchased materials and energy that would otherwise be produced as part of the normal operation of our mills.

*Depreciation, Amortization, and Depletion.* Depreciation, amortization, and depletion expense represents the periodic charge to earnings through which the cost of tangible assets, intangible assets, and natural resources are recognized over the asset's life. Capital investments can increase our asset bases and produce year-to-year fluctuations in expense.

### *Selling, General, and Administrative Expenses*

The principal components of our selling, general, and administrative expenses are wages, salaries, and benefits for our office personnel at our headquarters and our sales force, travel and entertainment expenses, advertising expenses, expenses relating to certain information technology systems, and research and development expenses.

## **Critical Accounting Policies**

Our accounting policies are fundamental to understanding management's discussion and analysis of financial condition and results of operations. Our consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States of America and follow general practices within the industry in which we operate. The preparation of the financial statements requires management to make certain judgments and assumptions in determining accounting estimates. Accounting estimates are considered critical if the estimate requires management to make assumptions about matters that were highly uncertain at the time the accounting estimate was made, and different estimates reasonably could have been used in the current period, or changes in the accounting estimate are reasonably likely to occur from period to period, that would have a material impact on the presentation of our financial condition, changes in financial condition or results of operations.

Management believes the following critical accounting policies are both important to the portrayal of our financial condition and results of operations and require subjective or complex judgments. These judgments about critical accounting estimates are based on information available to us as of the date of the financial statements.

Accounting standards whose application may have a significant effect on the reported results of operations and financial position, and that can require judgments by management that affect their application, include the following: Financial Accounting Standards Board, or FASB, Accounting Standards Codification, or ASC, Topic 450, *Contingencies*, ASC Topic 360, *Property, Plant, and Equipment*, ASC Topic 350, *Intangibles Goodwill and Other*, and ASC Topic 715, *Compensation Retirement Benefits*.

*Impairment of long-lived assets and goodwill.* Long-lived assets are reviewed for impairment upon the occurrence of events or changes in circumstances that indicate that the carrying value of the assets may not be recoverable, as measured by comparing their net book value to the estimated undiscounted future cash flows generated by their use.

In 2012, based on a comprehensive assessment of the damage resulting from the fire and explosion at our paper mill in Sartell, Minnesota, we decided to permanently close the mill and recorded a fixed asset impairment charge of \$66.5 million, which was included in Restructuring charges on our accompanying consolidated statements of operations. The impairment charge was calculated based on the excess of carrying value over the estimated fair value of the site, which was estimated based on preliminary negotiations with potential buyers received subsequent to our decision to shut down the mill.



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**Table of Contents**

Goodwill and other intangible assets are accounted for in accordance with ASC Topic 350. Intangible assets primarily consist of trademarks, customer-related intangible assets and patents obtained through business acquisitions. We have identified the following trademarks as intangible assets with an indefinite life: Influence<sup>®</sup>, Liberty<sup>®</sup>, and Advocate<sup>®</sup>. We assess goodwill and indefinite-lived intangible assets at least annually for impairment or more frequently if events occur or circumstances change between annual tests that would more likely than not reduce the fair value of the reporting unit below its carrying amount.

Trademarks are evaluated by comparing their fair value to their carrying values. During 2013, as a result of our annual impairment testing, we recognized an impairment charge of \$1.6 million, which is included in Cost of products sold on our accompanying consolidated statements of operations. During 2012, as a result of a reduction in production capacity from the closure of the Sartell mill, we recognized a trademarks impairment charge of \$3.7 million, which was included in Restructuring charges on our accompanying consolidated statements of operations.

Goodwill was evaluated at the reporting unit level and was previously allocated to the Coated segment. We tested goodwill for impairment by applying a two-step test. The first step was to compare the fair value of the reporting unit with its carrying amount, including goodwill. If the fair value of the reporting unit was less than its carrying amount, goodwill was considered impaired and the loss was measured by performing step two, which involved using a hypothetical purchase price allocation to determine the implied fair value of the goodwill and comparing it to the carrying value of the goodwill. For reporting units with zero or negative carrying amounts, step two was required if it was more likely than not that a goodwill impairment existed. An impairment loss was recognized to the extent the implied fair value of the goodwill was less than the carrying amount of the goodwill.

During 2011, based on a combination of factors, including the difficult market conditions that resulted in a decline in customer demand and excess capacity in the coated paper markets and high raw material, energy and distribution costs that have challenged the profitability of our products, Verso Paper recognized a goodwill impairment charge of \$18.7 million and Verso Holdings recognized a goodwill impairment charge of \$10.5 million. We had no goodwill remaining as of December 31, 2011.

Management believes that the accounting estimates associated with determining fair value as part of an impairment analysis are critical accounting estimates because estimates and assumptions are made about our future performance and cash flows. The estimated fair value is generally determined on the basis of discounted future cash flows. We also consider a market-based approach and a combination of both. While management uses the best information available to estimate future performance and cash flows, future adjustments to management's projections may be necessary if economic conditions differ substantially from the assumptions used in making the estimates.

*Pension benefit obligations.* We offer various pension plans to employees. The calculation of the obligations and related expenses under these plans requires the use of actuarial valuation methods and assumptions, including the expected long-term rate of return on plan assets, discount rates, and mortality rates. Actuarial valuations and assumptions used in the determination of future values of plan assets and liabilities are subject to management judgment and may differ significantly if different assumptions are used.

*Contingent liabilities.* A liability is contingent if the outcome or amount is not presently known, but may become known in the future as a result of the occurrence of some uncertain future event. We estimate our contingent liabilities based on management's estimates about the probability of outcomes and their ability to estimate the range of exposure. Accounting standards require that a liability be recorded if management determines that it is probable that a loss has occurred and the loss can be reasonably estimated. In addition, it must be probable that the loss will be confirmed by some future event. As part of the estimation process, management is required to make assumptions about matters that are by their nature highly uncertain.

The assessment of contingent liabilities, including legal contingencies, asset retirement obligations and environmental costs and obligations, involves the use of critical estimates, assumptions, and judgments.

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**Table of Contents**

Management's estimates are based on their belief that future events will validate the current assumptions regarding the ultimate outcome of these exposures. However, there can be no assurance that future events will not differ from management's assessments.

**Recent Accounting Developments**

***ASC Topic 405, Obligations from Joint and Several Liability Arrangements.*** In February 2013, the FASB issued Accounting Standards Update, or ASU, 2013-04, Liabilities (Topic 405), *Obligations Resulting from Joint and Several Liability Arrangements for Which the Total Amount of the Obligation is Fixed at the Reporting Date*. This ASU defines how entities measure obligations from joint and several liability arrangements which are fixed at the reporting date and for which no U.S. GAAP guidance exists. The guidance also requires entities to disclose the nature, amount and other information about those obligations. The ASU was effective for periods beginning after December 15, 2013. Retrospective presentation for all comparative periods presented is required. The adoption of this amendment in the first quarter of 2014, did not have a material impact on the presentation of our consolidated financial statements.

Other new accounting pronouncements issued but not effective until after March 31, 2014, are not expected to have a significant effect on our consolidated financial statements.

**Financial Overview**

Our net sales for the first quarter of 2014 decreased \$34.1 million, or 10.2%, compared to the first quarter of 2013, reflecting a 1.9% decrease in average sales price per ton and an 8.5% decline in total sales volume. Prices for our pulp segment were higher while coated and other segment prices declined. Volumes and operating costs were negatively impacted by significant downtime taken during the quarter, weather-related increases to energy, wood, and operating costs as well as a planned capital spending related outage at our Androscoggin mill.

In 2013, net sales decreased 5.8%, or \$85.7 million, as sales volume decreased 6.1% compared to 2012, which was driven by the closure of the former Sartell mill in the third quarter of 2012. The average sales price for all of our products remained flat in 2013 compared to 2012. Our gross margin was 15.1% in 2013 compared to 13.7% in 2012, reflecting lower input prices, including the effects of energy hedge benefits.

Verso's Adjusted EBITDA (before the pro forma effects of the profitability program) was \$129.5 million in 2013 compared to \$140.1 million in 2012. (Note: Adjusted EBITDA is a non-GAAP financial measure and is defined and reconciled to cash flows from operating activities later in this report). EBITDA adjustments (excluding the pro forma effect of the profitability program) of \$1.2 million in 2013 consisted primarily of \$14.3 million of unrealized gains on energy-related derivative contracts offset by \$5.2 million of costs incurred in connection with the Merger and \$2.8 million of costs related to our debt refinancing. EBITDA adjustments (excluding the pro forma effect of the profitability program) of \$61.7 million in 2012 included restructuring charges of \$102.4 million, net losses of \$8.2 million related to the early retirement of debt in connection with our debt refinancing, and \$52.6 million of gains from insurance settlement due to the fire and explosion at our former Sartell mill.

In 2013, Verso reported a net loss of \$111.2 million, or \$2.09 per diluted share, and operating income of \$33.9 million. Impacting the results for 2013 were losses related to debt refinancing, and gains from the sales of the former Sartell mill and the assets of Verso Fiber Farm LLC, or Fiber Farm. In 2012, Verso Paper reported a net loss of \$173.8 million, or \$3.29 per diluted share, and operating loss of \$32.4 million. Impacting the results for 2012 were the restructuring costs associated with the closure of our former Sartell mill, losses related to debt refinancing, and gains from insurance settlement due to the fire and explosion at our Sartell mill.

We continued to focus on improving our capital structure in 2013. On January 31, 2013, Verso Holdings issued an additional \$72.9 million aggregate principal amount of its 11.75% Senior Secured Notes due 2019 to certain lenders holding approximately \$85.8 million aggregate principal amount of Verso Finance's Senior



**Table of Contents**

Unsecured Term Loans, and net accrued interest through the closing date, in exchange for the assignment to Verso Finance of its Senior Unsecured Term Loans and the cancellation of such loans. There are no longer any outstanding Senior Unsecured Term Loans.

**Results of Operations**

The following tables set forth certain consolidated financial information of Verso and Verso Holdings for the periods indicated below. The following discussion of our financial condition and results of operations should be read in conjunction with our financial statements and notes thereto included elsewhere in this joint proxy and information statement/prospectus.

(Dollars in thousands)	VERSO Three Months Ended March 31,		VERSO HOLDINGS Three Months Ended March 31,	
	2014	2013	2014	2013
Net sales	\$ 299,113	\$ 333,220	\$ 299,113	\$ 333,220
Costs and expenses:				
Cost of products sold (exclusive of depreciation, amortization, and depletion)	302,377	291,859	302,377	291,859
Depreciation, amortization, and depletion	25,683	25,980	25,683	25,980
Selling, general, and administrative expenses	17,592	18,796	17,592	18,796
Restructuring charges		1,016		1,016
Total operating expenses	345,652	337,651	345,652	337,651
Other operating income		(3,285)		(3,285)
<b>Operating loss</b>	<b>(46,539)</b>	<b>(1,146)</b>	<b>(46,539)</b>	<b>(1,146)</b>
Interest income		(9)	(379)	(388)
Interest expense	34,477	34,660	34,856	34,439
Other loss, net	9,585	2,572	9,585	2,572
<b>Loss before income taxes</b>	<b>(90,601)</b>	<b>(38,369)</b>	<b>(90,601)</b>	<b>(37,769)</b>
Income tax expense	9	9		
<b>Net loss</b>	<b>\$ (90,610)</b>	<b>\$ (38,378)</b>	<b>\$ (90,601)</b>	<b>\$ (37,769)</b>

**First Quarter of 2014 Compared to First Quarter of 2013**

*Net Sales.* Net sales for the first quarter of 2014 decreased 10.2% to \$299.1 million from \$333.2 million in the first quarter of 2013, reflecting a 1.9% decrease in average sales price per ton and an 8.5% decline in total sales volume.

Net sales for our coated papers segment decreased 12.9% in the first quarter of 2014 to \$218.3 million from \$250.5 million for the same period in 2013, due to an 8.7% decrease in paper sales volume and a 4.6% decline in average sales price per ton. The decline in sales volume and price were driven by declining demand for coated papers,

increased competition from the global marketplace, and lower production due to record-level energy costs.

Net sales for our market pulp segment decreased 2.7% in the first quarter of 2014 to \$36.2 million from \$37.2 million for the same period in 2013. The sales volume declined 14.1% while the average sales price per ton increased 13.3% compared to the first quarter of 2013.

Net sales for our other segment decreased 1.9% to \$44.6 million in first quarter of 2014 from \$45.5 million in the first quarter of 2013. This decrease was driven by a 3.2% decrease in average sales price per ton partially offset by a 1.4% increase in sales volume.

**Table of Contents**

*Cost of sales.* Cost of sales, including depreciation, amortization, and depletion, was \$328.0 million in the first quarter of 2014 compared to \$317.8 million in 2013, reflecting the negative impact of over 38,000 tons of downtime related to market conditions and energy-related curtailments as well as decreased productivity associated with a planned capital spending related outage at our Androscoggin mill. Our cost of sales was also unfavorably affected by elevated energy and operating costs driven by severe winter weather conditions. Our gross margin, excluding depreciation, amortization, and depletion, was (1.1)% for the first quarter of 2014 compared to 12.4% for the first quarter of 2013. Our gross margin was also negatively impacted by approximately 38,000 tons of market-related downtime in the first quarter of 2014. Depreciation, amortization, and depletion expenses were \$25.7 million for the first quarter of 2014 compared to \$26.0 million for the first quarter of 2013.

*Selling, general, and administrative.* Selling, general, and administrative expenses were \$17.6 million in the first quarter of 2014 compared to \$18.8 million for the first quarter of 2013.

*Restructuring charges.* Restructuring charges for the first quarter of 2013 were \$1.0 million and related to the closure of the former Sartell mill.

*Other operating income.* Other operating income in first quarter of 2013 was \$3.3 million and consisted of the gains on the sales of our former Sartell mill and the Fiber Farm assets.

*Interest expense.* Verso's interest expense for the first quarter of 2014 was \$34.5 million compared to \$34.7 million for the same period in 2013. Verso Holdings' interest expense was \$34.9 million for the first quarter of 2014 compared to \$34.4 million for the same period in 2013.

*Other loss, net.* Other loss, net for the first quarter of 2014 was \$9.6 million and reflected costs incurred in connection with the NewPage acquisition. Other loss, net of \$2.6 million for the same period in 2013 reflected losses related to debt refinancing.

(Dollars in thousands)	VERSO			VERSO HOLDINGS		
	Year Ended December 31,			Year Ended December 31,		
	2013	2012	2011	2013	2012	2011
<b>Net sales</b>	\$ 1,388,899	\$ 1,474,612	\$ 1,722,489	\$ 1,388,899	\$ 1,474,612	\$ 1,722,489
<b>Costs and expenses:</b>						
Cost of products sold (exclusive of depreciation, amortization, and depletion)	1,179,085	1,272,630	1,460,290	1,179,085	1,272,630	1,460,290
Depreciation, amortization, and depletion	104,730	118,178	125,295	104,730	118,178	125,295
Selling, general, and administrative expenses	73,777	74,415	78,059	73,777	74,364	78,007
Goodwill impairment			18,695			10,551
Restructuring charges	1,378	102,404	24,464	1,378	102,404	24,464
Total operating expenses	1,358,970	1,567,627	1,706,803	1,358,970	1,567,576	1,698,607
Other operating income	(3,971)	(60,594)		(3,971)	(60,594)	

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<b>Operating income (loss)</b>	33,900	(32,421)	15,686	33,900	(32,370)	23,882
Interest income	(25)	(8)	(99)	(1,539)	(1,523)	(1,614)
Interest expense	137,728	135,461	126,607	138,626	127,943	122,213
Other loss, net	7,965	7,379	26,042	7,965	7,380	25,812
<b>Loss before income taxes</b>	(111,768)	(175,253)	(136,864)	(111,152)	(166,170)	(122,529)
Income tax (benefit) expense	(562)	(1,424)	197			
<b>Net loss</b>	\$ (111,206)	\$ (173,829)	\$ (137,061)	\$ (111,152)	\$ (166,170)	\$ (122,529)

**2013 Compared to 2012**

*Net Sales.* Net sales for 2013 decreased 5.8% to \$1,388.9 million from \$1,474.6 million in 2012, due to a 6.1% decline in total sales volume, and the average sales price for all of our products remained flat in 2013 compared to 2012.

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**Table of Contents**

Net sales for our coated papers segment decreased 9.7% to \$1,062.6 million in 2013 from \$1,177.1 million in 2012, due to an 8.3% decline in paper sales volume, which was driven by the closure of the former Sartell mill in the third quarter of 2012. The average sales price per ton of coated paper decreased 1.5% compared to last year.

Net sales for our market pulp segment increased 10.9% in 2013 to \$156.1 million from \$140.8 million in 2012. The sales volume decreased 0.5% while the average sales price per ton increased 11.4% compared to 2012.

Net sales for our other segment increased 8.6% to \$170.2 million in 2013 from \$156.7 million in 2012. This increase was driven by a 5.3% increase in sales price and a 3.2% increase in sales volume.

*Cost of sales.* Cost of sales, including depreciation, amortization, and depletion, was \$1,283.8 million in 2013 compared to \$1,390.8 million in 2012, reflecting the closure of the former Sartell mill in the third quarter of 2012. Our gross margin, excluding depreciation, amortization, and depletion, was 15.1% for 2013 compared to 13.7% for 2012, reflecting lower input prices, including the effects of energy hedge benefits. Depreciation, amortization, and depletion expenses were \$104.7 million for 2013 compared to \$118.2 million for 2012.

*Selling, general, and administrative.* Selling, general, and administrative expenses were \$73.8 million in 2013 compared to \$74.4 million in 2012.

*Restructuring charges.* Restructuring charges in 2013 were \$1.4 million, and consisted primarily of facility operations and personnel costs for the Sartell mill site through the date of sale. Restructuring charges for 2012 were \$102.4 million, and consisted primarily of fixed asset and other impairment charges of \$77.1 million and severance and benefit costs of \$19.4 million related to the closure of the former Sartell mill.

*Other operating income.* Other operating income in 2013 was \$4.0 million and consisted of the gains on the sales of our former Sartell mill and Fiber Farm assets. Other operating income in 2012 reflected insurance proceeds in excess of costs and property damages incurred of \$60.6 million, as we reached a final settlement agreement with our insurance provider for property and business losses resulting from the fire and explosion at our Sartell mill.

*Interest expense.* Verso's interest expense for 2013 was \$137.8 million compared to \$135.4 million in 2012. Verso Holdings' interest expense was \$138.7 million in 2013 compared to \$127.9 million in 2012.

*Other loss, net.* Other loss, net was \$7.9 million for 2013, and reflected costs incurred in connection with the Merger Agreement and losses related to debt refinancing. Other loss, net was \$7.4 million in 2012, which represented losses related to debt refinancing.

*Income tax (benefit) expense.* Income tax benefit of \$0.6 million and \$1.4 million for 2013 and 2012, respectively, resulted from reductions in the deferred tax liability related to the non-cash trademark impairment charge taken in the years presented.

***2012 Compared to 2011***

*Net sales.* Net sales for 2012 decreased 14.4% to \$1,474.6 million from \$1,722.5 million in 2011, which reflected an 11.1% decrease in total sales volume, which was driven by the shutdown of three paper machines in late 2011 and the closure of the former Sartell mill in the third quarter of 2012. Additionally, the average sales price for all of our products decreased 3.7%, led by a decline in the price of pulp.

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Net sales for our coated papers segment decreased 17.0% to \$1,177.1 million in 2012, from \$1,418.8 million in 2011. This change reflected a 15.3% decrease in paper sales volume, which was driven by the shutdown of three paper machines in late 2011 and the closure of the former Sartell mill in the third quarter of 2012. The average sales price per ton of coated paper decreased 2.1% compared to the prior year.

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**Table of Contents**

Net sales for our market pulp segment decreased 6.2% to \$140.8 million in 2012, from \$150.1 million in 2011. This decrease was due to a 10.7% decline in the average sales price per ton while sales volume increased 5.0% compared to 2011.

Net sales for our other segment increased 2.1% to \$156.7 million in 2012, from \$153.6 million in 2011. The improvement in 2012 was due to a 4.2% increase in sales volume, reflecting the continued development of new paper product offerings for our customers. The average sales price per ton decreased 2.0% compared to 2011.

*Cost of sales.* Cost of sales, including depreciation, amortization, and depletion, was \$1,390.8 million in 2012, compared to \$1,585.6 million in 2011, and reflected realized cost reductions from the shutdown of three paper machines in late 2011 and the closure of the former Sartell mill in the third quarter of 2012. Our gross margin, excluding depreciation, amortization, and depletion, was 13.7% for 2012, compared to 15.2% for 2011, which reflected lower average sales prices during 2012. Depreciation, amortization, and depletion expenses were \$118.2 million for 2012, compared to \$125.3 million for 2011.

*Selling, general, and administrative.* Selling, general, and administrative expenses were \$74.4 million in 2012, compared to \$78.0 million in 2011.

*Restructuring charges.* Restructuring charges for 2012 were \$102.4 million, and consisted primarily of fixed asset and other impairment charges of \$77.1 million and severance and benefit costs of \$19.4 million related to the closure of the former Sartell mill. Restructuring charges of \$24.5 million in 2011 reflected the permanent shut down of the No. 2 coated groundwood paper machine at our mill in Bucksport, Maine, and two supercalendered paper machines at our former mill in Sartell, Minnesota.

*Other operating income.* Other operating income in 2012 reflected insurance proceeds in excess of costs and property damages incurred of \$60.6 million, as we reached a final settlement agreement with our insurance provider for property and business losses resulting from the fire and explosion at our former Sartell mill.

*Interest expense.* Verso's interest expense for 2012 was \$135.4 million, compared to \$126.6 million for 2011. Verso Holdings' interest expense for 2012, was \$127.9 million compared to \$122.2 million for 2011.

*Other loss, net.* Verso's other loss, net for 2012 was \$7.4 million, compared to a net loss of \$26.1 million for 2011. Verso Holdings' other loss, net for 2012 was \$7.4 million, compared to a net loss of \$25.8 million for 2011. Included in the results for 2012 and 2011 were losses of \$8.2 million and \$26.1 million, respectively, related to the early retirement of debt in connection with debt refinancing.

*Income tax (benefit) expense.* Income tax benefit for 2012 of \$1.4 million resulted from a reduction in the deferred tax liability related to the non-cash trademark impairment charge that was taken as a result of a reduction in production capacity from the closure of the Sartell mill.

**Seasonality**

We are exposed to fluctuations in quarterly net sales volumes and expenses due to seasonal factors. These seasonal factors are common in the coated paper industry. Typically, the first two quarters are our slowest quarters due to lower demand for coated paper during this period. Our third quarter is generally our strongest quarter, reflecting an increase in printing related to end-of-year magazines, increased end-of-year direct mailings, and holiday season catalogs. Our working capital and accounts receivable generally peak in the third quarter, while inventory generally peaks in the second quarter in anticipation of the third quarter season. We expect our seasonality trends to continue for the

foreseeable future.



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**Table of Contents****Liquidity and Capital Resources**

We rely primarily upon cash flow from operations and borrowings under our revolving credit facilities to finance operations, capital expenditures, and fluctuations in debt service requirements. As of March 31, 2014, \$44.4 million was available for future borrowing under our revolving credit facilities. We believe that our ability to manage cash flow and working capital levels, particularly inventory and accounts payable, will allow us to meet our current and future obligations, pay scheduled principal and interest payments, and provide funds for working capital, capital expenditures, and other needs of the business for at least the next twelve months. The ability to achieve our future projected operating results is based on a number of assumptions which involve significant judgment and estimates, and no assurance can be given that we will be able to generate sufficient cash flows from operations or that future borrowings will be available under our revolving credit facilities in an amount sufficient to fund our liquidity needs. If we are unable to meet our projected performance targets, our liquidity could be adversely impacted and we may need to seek additional sources of liquidity. Our future performance could adversely affect our ability to raise additional capital to fund our operations, and there is no assurance that financing will be available in a sufficient amount, on acceptable terms, or on a timely basis.

On May 5, 2014, acting through our wholly owned subsidiary, Verso Androscoggin Power LLC, or VAP, we entered into a credit agreement providing for a \$40 million revolving credit facility with Barclays Bank PLC and Credit Suisse AG, Cayman Islands Branch. Borrowings thereunder may be used (a) to provide cash dividends and other cash distributions to VAP's sole member, Verso Maine Power Holdings LLC, or VMPH, and our other subsidiaries, (b) for ongoing working capital for VAP, and (c) for other general corporate purposes. Borrowings under the credit facility will bear interest at a rate equal to an applicable margin plus, at the option of VAP, either (a) a base rate determined by reference to the highest of the U.S. federal funds rate plus 0.50%, the prime rate of the administrative agent, and the adjusted LIBOR for a one-month interest period plus 1.00%, or (b) a eurocurrency rate, or LIBOR, determined by reference to the cost of funds for eurocurrency deposits in dollars in the London interbank market for the interest period relevant to such borrowing adjusted for certain additional costs. Prior to November 5, 2014, the applicable margin for advances under the credit facility is 2.00% for base rate advances and 3.00% for LIBOR advances. On and after November 5, 2014, the applicable margin for advances under the credit facility will be 3.00% for base rate advances and 4.00% for LIBOR advances. The credit facility will mature on the earliest to occur of (a) May 5, 2015, (b) the date that is 30 days after the consummation of the Merger, and (c) the date that is 60 days after the termination of the Merger Agreement or the abandonment of the Merger; however, upon written notice by VAP to the administrative agent, VAP may request that the commitments under the credit facility be converted to extend the maturity date for consenting lenders. The debt outstanding under the credit facility is secured by substantially all of VAP's assets, which consist principally of four hydroelectric facilities associated with our Androscoggin mill and related electricity transmission equipment. VMPH will guarantee the payment of the debt outstanding under the credit facility, and its guaranty will be secured by a pledge of its equity interest in VAP.

As we focus on managing our expenses and cash flows, we continue to assess and implement, as appropriate, various earnings enhancement and expense reduction initiatives. Management has developed a company-wide cost reduction program and expects to yield approximately \$37 million of additional cost reductions, of which approximately \$30 million are expected to be realized in the remainder of 2014 and the remaining \$7 million are expected to be realized in 2015. We continue to search for and develop additional cost saving measures; however, no assurance can be given that the anticipated benefits we project will be realized as expected or at all. In addition, we continue to evaluate selling non-strategic assets in the future to obtain additional liquidity.

**Table of Contents**

Verso s and Verso Holdings cash flows from operating, investing and financing activities, as reflected in the accompanying condensed consolidated statements of cash flows, are summarized in the following tables.

<b>(Dollars in thousands)</b>	<b>VERSO</b>		<b>VERSO HOLDINGS</b>	
	<b>Three Months Ended</b>		<b>Three Months Ended</b>	
	<b>March 31,</b>		<b>March 31,</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
Net cash provided by (used in):				
Operating activities	\$ (96,284)	\$ (83,248)	\$ (96,282)	\$ (83,095)
Investing activities	(8,796)	32,943	(8,796)	32,943
Financing activities	98,027	1,477	98,080	1,324
Net change in cash and cash equivalents	\$ (7,053)	\$ (48,828)	\$ (6,998)	\$ (48,828)

<b>(Dollars in thousands)</b>	<b>VERSO</b>			<b>VERSO HOLDINGS</b>		
	<b>Year Ended December 31,</b>			<b>Year Ended December 31,</b>		
	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Net cash (used in) provided by:						
Operating activities	\$ (27,732)	\$ 12,008	\$ 14,511	\$ (27,462)	\$ 11,302	\$ 14,562
Investing activities	(13,755)	(7,069)	(66,205)	(13,755)	(7,069)	(66,205)
Financing activities	(8,743)	(38,283)	(6,217)	(9,013)	(37,558)	(6,268)
Net change in cash and cash equivalents	\$ (50,230)	\$ (33,344)	\$ (57,911)	\$ (50,230)	\$ (33,325)	\$ (57,911)